

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 166

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

AN ACT

RELATING TO TAXATION; PROVIDING FOR REVIEW OF CERTAIN 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]~~ TAX CREDITS--TAXPAYER REPORTING  
REQUIREMENTS.--A taxpayer allowed a credit by the department  
pursuant to Section 7-2-18.2, 7-2-18.10, 7-2-18.11, 7-2-18.14,  
7-2-18.17 through 7-2-18.19, 7-2-18.22 or 7-2-18.24 NMSA 1978,  
or any other tax credit enacted pursuant to the Income Tax Act  
after January 1, 2011, shall report annually by June 30 to the  
department on the activities of the taxpayer in the preceding  
calendar year on a form developed by the department to obtain  
information necessary to analyze the effectiveness of the

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underscoring material = new  
[bracketed material] = delete

1 credit, determine if the credit is being used for the purpose  
2 for which it was created and assess whether the credit is cost-  
3 effective."

4 SECTION 2. Section 7-2-18.2 NMSA 1978 (being Laws 1984,  
5 Chapter 34, Section 1, as amended) is amended to read:

6 "7-2-18.2. CREDIT FOR PRESERVATION OF CULTURAL PROPERTY--  
7 REFUND.--

8 A. Tax credits for the preservation of cultural  
9 property may be claimed as follows:

10 (1) to encourage the restoration,  
11 rehabilitation and preservation of cultural properties, a  
12 taxpayer who files an individual New Mexico income tax return  
13 and who is not a dependent of another individual and who is the  
14 owner of a cultural property listed on the official New Mexico  
15 register of cultural properties, with the taxpayer's consent,  
16 may claim a credit not to exceed a maximum aggregate of twenty-  
17 five thousand dollars (\$25,000) in an amount equal to one-half  
18 of the cost of restoration, rehabilitation or preservation of a  
19 cultural property listed on the official New Mexico register;  
20 or

21 (2) if a cultural property, whose owner may  
22 otherwise claim the credit set forth in Paragraph (1) of this  
23 subsection is also located within an arts and cultural district  
24 certified by the state or a municipality pursuant to the Arts  
25 and Cultural District Act, the owner of that cultural property

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1 may claim a credit not to exceed fifty thousand dollars  
2 (\$50,000), including any credit claimed pursuant to Paragraph  
3 (1) of this subsection, in an amount equal to one-half of the  
4 cost of restoration, rehabilitation or preservation of the  
5 cultural property.

6 B. The taxpayer may claim the credit if:

7 (1) the taxpayer submitted a plan and  
8 specifications for restoration, rehabilitation or preservation  
9 to the committee and received approval from the committee for  
10 the plan and specifications prior to commencement of the  
11 restoration, rehabilitation or preservation;

12 (2) the taxpayer received certification from  
13 the committee after completing the restoration, rehabilitation  
14 or preservation, or committee-approved phase, that it conformed  
15 to the plan and specifications and preserved and maintained  
16 those qualities of the property that made it eligible for  
17 inclusion in the official register; and

18 (3) the project is completed within twenty-  
19 four months of the date the project is approved by the  
20 committee in accordance with Paragraph (1) of this subsection.

21 C. A taxpayer may claim the credit provided in this  
22 section for each taxable year in which restoration,  
23 rehabilitation or preservation is carried out. Except as  
24 provided in Subsection F of this section, claims for the credit  
25 provided in this section shall be limited to three consecutive

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1 years, and the maximum aggregate credit allowable shall not  
2 exceed twenty-five thousand dollars (\$25,000) if governed by  
3 Paragraph (1) of Subsection A of this section, or fifty  
4 thousand dollars (\$50,000) if governed by Paragraph (2) of  
5 Subsection A of this section, for any single restoration,  
6 rehabilitation or preservation project for any cultural  
7 property listed on the official New Mexico register certified  
8 by the committee.

9 D. A husband and wife who file separate returns for  
10 a taxable year in which they could have filed a joint return  
11 may each claim only one-half of the credit that would have been  
12 allowed on a joint return.

13 E. A taxpayer who otherwise qualifies and claims a  
14 credit on a restoration, rehabilitation or preservation project  
15 on property owned by a partnership of which the taxpayer is a  
16 member may claim a credit only in proportion to the taxpayer's  
17 interest in the partnership. The total credit claimed by all  
18 members of the partnership shall not exceed twenty-five  
19 thousand dollars (\$25,000) in the aggregate if governed by  
20 Paragraph (1) of Subsection A of this section, or fifty  
21 thousand dollars (\$50,000) in the aggregate if governed by  
22 Paragraph (2) of Subsection A of this section, for any single  
23 restoration, rehabilitation or preservation project for any  
24 cultural property listed on the official New Mexico register  
25 certified by the committee.

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1           F. The credit provided in this section may only be  
2 deducted from the taxpayer's income tax liability. Any portion  
3 of the maximum tax credit provided by this section that remains  
4 unused at the end of the taxpayer's taxable year may be carried  
5 forward for four consecutive years; provided, however, the  
6 total tax credits claimed under this section shall not exceed  
7 twenty-five thousand dollars (\$25,000) if governed by Paragraph  
8 (1) of Subsection A of this section, or fifty thousand dollars  
9 (\$50,000) if governed by Paragraph (2) of Subsection A of this  
10 section, for any single restoration, preservation or  
11 rehabilitation project for any cultural property listed on the  
12 official New Mexico register.

13           G. The historic preservation division shall  
14 promulgate regulations for the implementation of Subsection B  
15 of this section.

16           H. Beginning in 2014 and at six-year intervals  
17 following 2014, the department shall present a report on the  
18 tax credit provided pursuant to this section to the revenue  
19 stabilization and tax policy committee for review. The revenue  
20 stabilization and tax policy committee, with the aid of the  
21 department and the cultural affairs department, shall determine  
22 if a need remains for the credit, if the credit is effectively  
23 being used for the purpose for which it was created and if the  
24 use of the credit is cost-effective. The credit may be  
25 proposed for repeal or amendment if it is found by the revenue

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1 stabilization and tax policy committee to be ineffective, more  
2 costly than is warranted by the purpose for which the credit  
3 was proposed or unused or otherwise no longer needed.

4 [H.] I. As used in this section:

5 (1) "committee" means the cultural properties  
6 review committee created in Section 18-6-4 NMSA 1978; and

7 (2) "historic preservation division" means the  
8 historic preservation division of the cultural affairs  
9 department created in Section 18-6-8 NMSA 1978."

10 SECTION 3. Section 7-2-18.10 NMSA 1978 (being Laws 2003,  
11 Chapter 331, Section 7, as amended) is amended to read:

12 "7-2-18.10. TAX CREDIT--CERTAIN CONVEYANCES OF REAL  
13 PROPERTY.--

14 A. There shall be allowed as a credit against the  
15 tax liability imposed by the Income Tax Act, an amount equal to  
16 fifty percent of the fair market value of land or interest in  
17 land that is conveyed for the purpose of open space, natural  
18 resource or biodiversity conservation, agricultural  
19 preservation or watershed or historic preservation as an  
20 unconditional donation in perpetuity by the landowner or  
21 taxpayer to a public or private conservation agency eligible to  
22 hold the land and interests therein for conservation or  
23 preservation purposes. The fair market value of qualified  
24 donations made pursuant to this section shall be substantiated  
25 by a "qualified appraisal" prepared by a "qualified appraiser",

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1 as those terms are defined under applicable federal laws and  
2 regulations governing charitable contributions.

3 B. The amount of the credit that may be claimed by  
4 a taxpayer shall not exceed one hundred thousand dollars  
5 (\$100,000) for a conveyance made prior to January 1, 2008 and  
6 shall not exceed two hundred fifty thousand dollars (\$250,000)  
7 for a conveyance made on or after that date. In addition, in a  
8 taxable year, the credit used may not exceed the amount of  
9 individual income tax otherwise due. A portion of the credit  
10 that is unused in a taxable year may be carried over for a  
11 maximum of twenty consecutive taxable years following the  
12 taxable year in which the credit originated until fully  
13 expended. A taxpayer may claim only one tax credit per taxable  
14 year.

15 C. Qualified donations shall include the conveyance  
16 in perpetuity of a fee interest in real property or a less-  
17 than-fee interest in real property, such as a conservation  
18 restriction, preservation restriction, agricultural  
19 preservation restriction or watershed preservation restriction,  
20 pursuant to the Land Use Easement Act and provided that the  
21 less-than-fee interest qualifies as a charitable contribution  
22 deduction under Section 170(h) of the Internal Revenue Code.  
23 Dedications of land for open space for the purpose of  
24 fulfilling density requirements to obtain subdivision or  
25 building permits shall not be considered as qualified donations

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1 pursuant to the Land Conservation Incentives Act.

2 D. Qualified donations shall be eligible for the  
3 tax credit if the donations are made to the state of New  
4 Mexico, a political subdivision thereof or a charitable  
5 organization described in Section 501(c)(3) of the Internal  
6 Revenue Code and that meets the requirements of Section  
7 170(h)(3) of that code.

8 E. To be eligible for treatment as qualified  
9 donations under this section, land or interests in lands must  
10 be certified by the secretary of energy, minerals and natural  
11 resources as fulfilling the purposes as set forth in Section  
12 75-9-2 NMSA 1978. The use and protection of the lands, or  
13 interests therein, for open space, natural area protection,  
14 biodiversity habitat conservation, land preservation,  
15 agricultural preservation, historic preservation or similar use  
16 or purpose of the property shall be assured in perpetuity.

17 F. A taxpayer may apply for certification of  
18 eligibility for the tax credit provided by this section from  
19 the energy, minerals and natural resources department. If the  
20 energy, minerals and natural resources department determines  
21 that the application meets the requirements of this section and  
22 that the property conveyed will not adversely affect the  
23 property rights of contiguous landowners, it shall issue a  
24 certificate of eligibility to the taxpayer, which shall include  
25 a calculation of the maximum amount of tax credit for which the

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1 taxpayer would be eligible. The energy, minerals and natural  
2 resources department may issue rules governing the procedure  
3 for administering the provisions of this subsection.

4 G. To receive a credit pursuant to this section, a person  
5 shall apply to the taxation and revenue department on forms and  
6 in the manner prescribed by the department. The application  
7 shall include a certificate of eligibility issued by the  
8 energy, minerals and natural resources department pursuant to  
9 Subsection F of this section. If all of the requirements of  
10 this section have been complied with, the taxation and revenue  
11 department shall issue to the applicant a document granting the  
12 tax credit. The document shall be numbered for identification  
13 and declare its date of issuance and the amount of the tax  
14 credit allowed for the qualified donation made pursuant to this  
15 section.

16 H. The tax credit represented by a document issued  
17 pursuant to Subsection G of this section for a conveyance made  
18 on or after January 1, 2008, or an increment of that tax  
19 credit, may be sold, exchanged or otherwise transferred and may  
20 be carried forward for a period of twenty taxable years  
21 following the taxable year in which the credit originated until  
22 fully expended. A tax credit or increment of a tax credit may  
23 only be transferred once. The credit may be transferred to any  
24 taxpayer. A taxpayer to whom a credit has been transferred may  
25 use the credit for the taxable year in which the transfer

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1 occurred and unused amounts may be carried forward to  
2 succeeding taxable years, but in no event may the transferred  
3 credit be used more than twenty years after it was originally  
4 issued.

5 I. A tax credit issued pursuant to this section  
6 shall be transferred through a qualified intermediary. The  
7 qualified intermediary shall, by means of a sworn notarized  
8 statement, notify the taxation and revenue department of the  
9 transfer and of the date of the transfer within ten days of the  
10 transfer. Credits shall only be transferred in increments of  
11 ten thousand dollars (\$10,000) or more. The qualified  
12 intermediary shall keep an account of the credits and have the  
13 authority to issue sub-numbers registered with the taxation and  
14 revenue department and traceable to the original credit.

15 J. If a charitable deduction is claimed on the  
16 taxpayer's federal income tax for any contribution for which  
17 the credit provided by this section is claimed, the taxpayer's  
18 itemized deductions for New Mexico income tax shall be reduced  
19 by the amount of the deduction for the contribution in order to  
20 determine the New Mexico taxable income of the taxpayer.

21 K. Beginning in 2014 and at six-year intervals  
22 following 2014, the department shall present a report on the  
23 tax credit provided pursuant to this section to the revenue  
24 stabilization and tax policy committee for review. The  
25 committee, with the aid of the department and the energy,

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1 minerals and natural resources department when warranted, shall  
 2 determine if a need remains for the credit, if the credit is  
 3 effectively being used for the purpose for which it was created  
 4 and if the use of the credit is cost-effective. The credit may  
 5 be proposed for repeal or amendment if it is found by the  
 6 committee to be ineffective, more costly than is warranted by  
 7 the purpose for which the credit was proposed or unused or  
 8 otherwise no longer needed.

9 ~~[K. For the purposes of]~~ L. As used in this  
 10 section:

11 (1) "qualified intermediary" does not include  
 12 a person who has been previously convicted of a felony, who has  
 13 had a professional license revoked, who is engaged in the  
 14 practice defined in Section 61-28B-3 NMSA 1978 and who is  
 15 identified in Section 61-29-2 NMSA 1978, and does not include  
 16 any entity owned wholly or in part or employing any of the  
 17 foregoing persons; and

18 (2) "taxpayer" means a citizen or resident of  
 19 the United States, a domestic partnership, a limited liability  
 20 company, a domestic corporation, an estate, including a foreign  
 21 estate, or a trust."

22 **SECTION 4.** Section 7-2-18.11 NMSA 1978 (being Laws 2003,  
 23 Chapter 400, Section 1) is amended to read:

24 "7-2-18.11. JOB MENTORSHIP TAX CREDIT.--

25 A. To encourage New Mexico businesses to hire youth

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1 participating in career preparation education programs, a  
2 taxpayer who files an individual New Mexico income tax return,  
3 who is not a dependent of another individual and who is an  
4 owner of a New Mexico business may claim a credit in an amount  
5 equal to fifty percent of gross wages paid to qualified  
6 students who are employed by the business during the taxable  
7 year for which the return is filed. The tax credit provided by  
8 this section may be referred to as the "job mentorship tax  
9 credit".

10 B. A taxpayer who is an owner of a New Mexico  
11 business may claim the job mentorship tax credit for each  
12 taxable year in which the business employs one or more  
13 qualified students. The maximum aggregate credit allowable  
14 shall not exceed fifty percent of the gross wages paid to not  
15 more than ten qualified students employed by the business for  
16 up to three hundred twenty hours of employment of each  
17 qualified student in each taxable year for a maximum of three  
18 taxable years for each qualified student. In no event shall a  
19 taxpayer claim a credit in excess of twelve thousand dollars  
20 (\$12,000) in any taxable year. The taxpayer shall certify that  
21 hiring the qualified student does not displace or replace a  
22 current employee.

23 C. The department shall issue job mentorship tax  
24 credit certificates upon request to any accredited New Mexico  
25 secondary school that has a school-sanctioned career

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1 preparation education program. The maximum number of  
2 certificates that may be issued in a school year to any one  
3 school is equal to the number of qualified students in the  
4 school-sanctioned career preparation education program on  
5 October 15 of that school year, as certified by the school  
6 principal.

7 D. A job mentorship tax credit certificate may be  
8 executed by a school principal with respect to a qualified  
9 student, and the executed certificate may be transferred to a  
10 New Mexico business that employs that student. By executing  
11 the certificate with respect to a student, the school principal  
12 certifies that the school has a school-sanctioned career  
13 preparation education program and the student is a qualified  
14 student.

15 E. To claim the job mentorship tax credit, the  
16 taxpayer must submit with respect to each employee for whom the  
17 credit is claimed:

18 (1) a properly executed job mentorship tax  
19 credit certificate;

20 (2) information required by the secretary with  
21 respect to the employee's employment by the business during the  
22 taxable year for which the credit is claimed; and

23 (3) information required by the secretary that  
24 the employee was not also employed in the same taxable year by  
25 another New Mexico business qualifying for and claiming a job

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1 mentorship tax credit for that employee pursuant to this  
2 section or the Corporate Income and Franchise Tax Act.

3 F. The job mentorship tax credit may only be  
4 deducted from the taxpayer's New Mexico income tax liability  
5 for the taxable year. Any portion of the maximum credit  
6 provided by this section that remains unused at the end of the  
7 taxpayer's taxable year may be carried forward for three  
8 consecutive taxable years; provided the total credits claimed  
9 under this section shall not exceed the maximum allowable  
10 pursuant to Subsection B of this section.

11 G. A husband and wife who file separate returns for  
12 a taxable year in which they could have filed a joint return  
13 may each claim only one-half of the credit that would have been  
14 allowed on a joint return.

15 H. A taxpayer who otherwise qualifies for and  
16 claims a job mentorship tax credit for employment of qualified  
17 students by a partnership, limited partnership, limited  
18 liability company, S corporation or other business association  
19 of which the taxpayer is a member may claim a credit only in  
20 proportion to ~~[his]~~ the taxpayer's interest in the partnership,  
21 limited partnership, limited liability company, S corporation  
22 or association. The total credit claimed by all members of the  
23 business shall not exceed the maximum credit allowable pursuant  
24 to Subsection B of this section.

25 I. Beginning in 2014 and at six-year intervals

1 following 2014, the department shall present a report on the  
 2 job mentorship tax credit to the revenue stabilization and tax  
 3 policy committee for review. The committee, with the aid of  
 4 the department and the economic development department when  
 5 warranted, shall determine if a need remains for the credit, if  
 6 the credit is effectively being used for the purpose for which  
 7 it was created and if the use of the credit is cost-effective.  
 8 The credit may be proposed for repeal or amendment if it is  
 9 found by the committee to be ineffective, more costly than is  
 10 warranted by the purpose for which the credit was proposed or  
 11 unused or otherwise no longer needed.

12 [~~F.~~] J. As used in this section:

13 (1) "career preparation education program"  
 14 means a work-based learning or school-to-career program  
 15 designed for secondary school students to create academic and  
 16 career goals and objectives and find employment in a job  
 17 meeting those goals and objectives;

18 (2) "New Mexico business" means a partnership,  
 19 limited partnership, limited liability company treated as a  
 20 partnership for federal income tax purposes, S corporation or  
 21 sole proprietorship that carries on a trade or business in New  
 22 Mexico and that employs in New Mexico fewer than three hundred  
 23 full-time employees at any one time during the taxable year;  
 24 and

25 (3) "qualified student" means an individual

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1 who is at least fourteen years of age but not more than twenty-  
2 one years of age who is attending full time an accredited New  
3 Mexico secondary school and who is a participant in a career  
4 preparation education program sanctioned by the secondary  
5 school."

6 SECTION 5. Section 7-2-18.14 NMSA 1978 (being Laws 2006,  
7 Chapter 93, Section 1, as amended) is amended to read:

8 "7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--  
9 RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC  
10 MARKET DEVELOPMENT TAX CREDIT.--

11 A. Except as provided in Subsection C of this  
12 section, a taxpayer who files an individual New Mexico income  
13 tax return for a taxable year beginning on or after  
14 January 1, 2006 and who purchases and installs after  
15 January 1, 2006 but before December 31, 2016 a solar thermal  
16 system or a photovoltaic system in a residence, business or  
17 agricultural enterprise in New Mexico owned by that taxpayer  
18 may apply for, and the department may allow, a solar market  
19 development tax credit of up to ten percent of the purchase  
20 and installation costs of the system.

21 B. The total solar market development tax credit  
22 allowed for either a photovoltaic system or a solar thermal  
23 system shall not exceed nine thousand dollars (\$9,000). The  
24 department shall allow solar market development tax credits  
25 only for solar thermal systems and photovoltaic systems

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1 certified by the energy, minerals and natural resources  
2 department.

3 C. Solar market development tax credits may not be  
4 claimed or allowed for:

5 (1) a heating system for a swimming pool or  
6 a hot tub; or

7 (2) a commercial or industrial photovoltaic  
8 system other than an agricultural photovoltaic system on a  
9 farm or ranch that is not connected to an electric utility  
10 transmission or distribution system.

11 D. The department may allow a maximum annual  
12 aggregate of:

13 (1) two million dollars (\$2,000,000) in  
14 solar market development tax credits for solar thermal  
15 systems; and

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

18 E. A portion of the solar market development tax  
19 credit that remains unused in a taxable year may be carried  
20 forward for a maximum of ten consecutive taxable years  
21 following the taxable year in which the credit originates  
22 until fully expended.

23 F. Prior to July 1, 2006, the energy, minerals and  
24 natural resources department shall adopt rules establishing  
25 procedures to provide certification of solar thermal systems

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

10 G. Beginning in 2014 and at six-year intervals  
11 following 2014, the department shall present a report on the  
12 solar market development tax credit to the revenue  
13 stabilization and tax policy committee for review. The  
14 committee, with the aid of the department and the energy,  
15 minerals and natural resources department, shall determine if  
16 a need remains for the credit, if the credit is effectively  
17 being used for the purpose for which it was created and if the  
18 use of the credit is cost-effective. The credit may be  
19 proposed for repeal or amendment if it is found by the  
20 committee to be ineffective, more costly than is warranted by  
21 the purpose for which the credit was proposed or unused or  
22 otherwise no longer needed.

23 [~~G.~~] H. As used in this section:

24 (1) "photovoltaic system" means an energy  
25 system that collects or absorbs sunlight for conversion into

1 electricity; and

2 (2) "solar thermal system" means an energy  
3 system that collects or absorbs solar energy for conversion  
4 into heat for the purposes of space heating, space cooling or  
5 water heating."

6 SECTION 6. Section 7-2-18.17 NMSA 1978 (being Laws  
7 2007, Chapter 172, Section 1) is amended to read:

8 "7-2-18.17. ANGEL INVESTMENT CREDIT.--

9 A. A taxpayer who files a New Mexico income tax  
10 return, is not a dependent of another taxpayer, is an  
11 accredited investor and makes a qualified investment may claim  
12 a credit in an amount not to exceed twenty-five percent of not  
13 more than one hundred thousand dollars (\$100,000) of the  
14 qualified investment. The tax credit provided in this section  
15 shall be known as the "angel investment credit".

16 B. A taxpayer may claim the angel investment  
17 credit for not more than two qualified investments in a  
18 taxable year; provided that each investment is in a different  
19 qualified business. A taxpayer may claim the angel investment  
20 credit for qualified investments made in the same qualified  
21 business or successor of that business for not more than three  
22 taxable years. The angel investment credit shall not exceed  
23 twenty-five thousand dollars (\$25,000) for each qualified  
24 investment by the taxpayer.

25 C. A taxpayer may claim the angel investment

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1 credit no later than one year following the end of the  
2 calendar year in which the qualified investment was made;  
3 provided that a claim for the credit may not be made or  
4 allowed with respect to any investment made after December 31,  
5 2011.

6 D. A taxpayer shall apply for certification of  
7 eligibility for the angel investment credit from the economic  
8 development department. Applications shall be considered in  
9 the order received. If the economic development department  
10 determines that the taxpayer is an accredited investor and the  
11 investment is a qualified investment, it shall issue a  
12 certificate of eligibility to the taxpayer, subject to the  
13 limitation in Subsection E of this section. The certificate  
14 shall be dated and shall include a calculation of the amount  
15 of the angel investment credit for which the taxpayer is  
16 eligible. The economic development department may issue rules  
17 governing the procedure for administering the provisions of  
18 this subsection.

19 E. The economic development department may issue a  
20 certificate of eligibility pursuant to Subsection D of this  
21 section only if the total amount of angel investment credits  
22 represented by certificates of eligibility issued by the  
23 economic development department in any calendar year will not  
24 exceed seven hundred fifty thousand dollars (\$750,000). If  
25 the applications for certificates of eligibility for angel

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1 investment credits represent an aggregate amount exceeding  
2 seven hundred fifty thousand dollars (\$750,000) for any  
3 calendar year, certificates shall be issued in the order that  
4 the applications were received. The excess applications that  
5 would have been certified, but for the limit imposed by this  
6 subsection, shall be certified, subject to the same limit, in  
7 subsequent calendar years.

8 F. The economic development department shall  
9 report annually to the legislative finance committee on the  
10 utilization and effectiveness of the angel investment credit.  
11 The report shall include, at a minimum: the number of  
12 accredited investors to whom certificates of eligibility were  
13 issued by the department in the previous year; the names of  
14 those investors; the amount of angel investment credit for  
15 which each investor was certified eligible; and the number and  
16 names of the businesses that the department has determined are  
17 qualified businesses for purposes of an investment by an  
18 accredited investor. The report shall also include an  
19 evaluation of the success of the angel investment credit as an  
20 incubator of new businesses in New Mexico and of the continued  
21 viability and operation in New Mexico of businesses in which  
22 investments eligible for the angel investment credit have been  
23 made.

24 G. To claim the angel investment credit, the  
25 taxpayer must provide to the taxation and revenue department a

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1 certificate of eligibility issued by the economic development  
2 department pursuant to Subsection D of this section and any  
3 other information the taxation and revenue department may  
4 require to determine the amount of the tax credit due the  
5 taxpayer. If the requirements of this section have been  
6 complied with, the taxation and revenue department shall  
7 approve the claim for the credit.

8 H. A taxpayer who otherwise qualifies for and  
9 claims a credit pursuant to this section for a qualified  
10 investment made by a partnership or other business association  
11 of which the taxpayer is a member may claim a credit only in  
12 proportion to the taxpayer's interest in the partnership or  
13 business association. The total credit claimed in the  
14 aggregate by all members of the partnership or business  
15 association in a taxable year with respect to a qualified  
16 investment shall not exceed twenty-five thousand dollars  
17 (\$25,000).

18 I. A husband and wife who file separate returns  
19 for a taxable year in which they could have filed a joint  
20 return may each claim one-half of the credit that would have  
21 been allowed on a joint return.

22 J. The angel investment credit may only be  
23 deducted from the taxpayer's income tax liability. Any  
24 portion of the tax credit provided by this section that  
25 remains unused at the end of the taxpayer's taxable year may

1 be carried forward for three consecutive years.

2 K. Beginning in 2014 and at six-year intervals  
3 following 2014, the department shall present a report on the  
4 angel investment credit to the revenue stabilization and tax  
5 policy committee for review. The committee, with the aid of  
6 the department and the economic development department, shall  
7 determine if a need remains for the credit, if the credit is  
8 effectively being used for the purpose for which it was  
9 created and if the use of the credit is cost-effective. The  
10 credit may be proposed for repeal or amendment if it is found  
11 by the committee to be ineffective, more costly than is  
12 warranted by the purpose for which the credit was proposed or  
13 unused or otherwise no longer needed.

14 [~~K.~~] L. As used in this section:

15 (1) "accredited investor" means a person who  
16 is an accredited investor within the meaning of Rule 501  
17 issued by the federal securities and exchange commission  
18 pursuant to the federal Securities Act of 1933, as amended;

19 (2) "business" means a corporation, general  
20 partnership, limited partnership, limited liability company or  
21 other similar entity, but excludes an entity that is a  
22 government or a nonprofit organization designated as such by  
23 the federal government or any state;

24 (3) "equity" means common or preferred stock  
25 of a corporation, a partnership interest in a limited

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1 partnership or a membership interest in a limited liability  
2 company, including debt subject to an option in favor of the  
3 creditor to convert the debt into common or preferred stock, a  
4 partnership interest or a membership interest;

5 (4) "high-technology research" means  
6 research:

7 (a) that is undertaken for the purpose  
8 of discovering information that is technological in nature and  
9 the application of which is intended to be useful in the  
10 development of a new or improved business component of the  
11 qualified business; and

12 (b) substantially all of the activities  
13 of which constitute elements of a process or experimentation  
14 related to a new or improved function, performance,  
15 reliability or quality, but not related to style, taste or  
16 cosmetic or seasonal design factors;

17 (5) "manufacturing" means combining or  
18 processing components or materials to increase their value for  
19 sale in the ordinary course of business, but does not include:

20 (a) construction;  
21 (b) farming;  
22 (c) processing natural resources,  
23 including hydrocarbons; or

24 (d) preparing meals for immediate  
25 consumption, on- or off-premises;

1                   (6) "qualified business" means a business  
2 that:

3                   (a) maintains its principal place of  
4 business in New Mexico;

5                   (b) engages in high-technology research  
6 or manufacturing activities in New Mexico;

7                   (c) is not primarily engaged in or is  
8 not primarily organized as any of the following types of  
9 businesses: credit or finance services, including banks,  
10 savings and loan associations, credit unions, small loan  
11 companies or title loan companies; financial brokering or  
12 investment; professional services, including accounting, legal  
13 services, engineering and any other service the practice of  
14 which requires a license; insurance; real estate; construction  
15 or construction contracting; consulting or brokering; mining;  
16 wholesale or retail trade; providing utility service,  
17 including water, sewerage, electricity, natural gas, propane  
18 or butane; publishing, including publishing newspapers or  
19 other periodicals; broadcasting; or providing internet  
20 operating services;

21                   (d) has not issued securities  
22 registered pursuant to Section 6 of the federal Securities Act  
23 of 1933, as amended; has not issued securities traded on a  
24 national securities exchange; is not subject to reporting  
25 requirements of the federal Securities Exchange Act of 1934,

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1 as amended; and is not registered pursuant to the federal  
2 Investment Company Act of 1940, as amended, at the time of the  
3 investment;

4 (e) has one hundred or fewer employees  
5 calculated on a full-time-equivalent basis at the time of the  
6 investment; and

7 (f) has not had gross revenues in  
8 excess of five million dollars (\$5,000,000) in any fiscal year  
9 ending on or before the date of the investment; and

10 (7) "qualified investment" means a cash  
11 investment in a qualified business for equity, but does not  
12 include an investment by a taxpayer if the taxpayer, a member  
13 of the taxpayer's immediate family or an entity affiliated  
14 with the taxpayer receives compensation from the qualified  
15 business in exchange for services provided to the qualified  
16 business within one year of investment in the qualified  
17 business."

18 SECTION 7. Section 7-2-18.18 NMSA 1978 (being Laws  
19 2007, Chapter 204, Section 2) is amended to read:

20 "7-2-18.18. RENEWABLE ENERGY PRODUCTION TAX CREDIT.--

21 A. The tax credit provided in this section may be  
22 referred to as the "renewable energy production tax credit".  
23 The tax credit provided in this section may not be claimed  
24 with respect to the same electricity production for which a  
25 tax credit pursuant to Section 7-2A-19 NMSA 1978 has been

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1 claimed.

2 B. A taxpayer who files an individual New Mexico  
3 income tax return and who is not a dependent of another  
4 taxpayer is eligible for the renewable energy production tax  
5 credit if the taxpayer:

6 (1) holds title to a qualified energy  
7 generator that first produced electricity on or before January  
8 1, 2018; or

9 (2) leases property upon which a qualified  
10 energy generator operates from a county or municipality under  
11 authority of an industrial revenue bond and if the qualified  
12 energy generator first produced electricity on or before  
13 January 1, 2018.

14 C. The amount of the tax credit shall equal one  
15 cent (\$.01) per kilowatt-hour of the first four hundred  
16 thousand megawatt-hours of electricity produced by the  
17 qualified energy generator in the taxable year using a wind-  
18 or biomass-derived qualified energy resource; provided that  
19 the total amount of tax credits claimed by all taxpayers for a  
20 single qualified energy generator in a taxable year using a  
21 wind- or biomass-derived qualified energy resource shall not  
22 exceed one cent (\$.01) per kilowatt-hour of the first four  
23 hundred thousand megawatt-hours of electricity produced by the  
24 qualified energy generator.

25 D. The amount of the tax credit for electricity

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1 produced by a qualified energy generator in the taxable year  
2 using a solar-light-derived or solar-heat-derived qualified  
3 energy resource shall be at the amounts specified in  
4 Paragraphs (1) through (10) of this subsection; provided that  
5 the total amount of tax credits claimed for a taxable year by  
6 all taxpayers for a single qualified energy generator using a  
7 solar-light-derived or solar-heat-derived qualified energy  
8 resource shall be limited to the first two hundred thousand  
9 megawatt-hours of electricity produced by the qualified energy  
10 generator in the taxable year:

11 (1) one and one-half cents (\$.015) per  
12 kilowatt-hour in the first taxable year in which the qualified  
13 energy generator produces electricity using a solar-light-  
14 derived or solar-heat-derived qualified energy resource;

15 (2) two cents (\$.02) per kilowatt-hour in  
16 the second taxable year in which the qualified energy  
17 generator produces electricity using a solar-light-derived or  
18 solar-heat-derived qualified energy resource;

19 (3) two and one-half cents (\$.025) per  
20 kilowatt-hour in the third taxable year in which the qualified  
21 energy generator produces electricity using a  
22 solar-light-derived or solar-heat-derived qualified energy  
23 resource;

24 (4) three cents (\$.03) per kilowatt-hour in the  
25 fourth taxable year in which the qualified energy generator

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1 produces electricity using a solar-light-derived or solar-heat-  
2 derived qualified energy resource;

3 (5) three and one-half cents (\$.035) per  
4 kilowatt-hour in the fifth taxable year in which the qualified  
5 energy generator produces electricity using a solar-light-  
6 derived or solar-heat-derived qualified energy resource;

7 (6) four cents (\$.04) per kilowatt-hour in the  
8 sixth taxable year in which the qualified energy generator  
9 produces electricity using a solar-light-derived or  
10 solar-heat-derived qualified energy resource;

11 (7) three and one-half cents (\$.035) per  
12 kilowatt-hour in the seventh taxable year in which the qualified  
13 energy generator produces electricity using a solar-light-  
14 derived or solar-heat-derived qualified energy resource;

15 (8) three cents (\$.03) per kilowatt-hour in the  
16 eighth taxable year in which the qualified energy generator  
17 produces electricity using a solar-light-derived or  
18 solar-heat-derived qualified energy resource;

19 (9) two and one-half cents (\$.025) per  
20 kilowatt-hour in the ninth taxable year in which the qualified  
21 energy generator produces electricity using a solar-light-  
22 derived or solar-heat-derived qualified energy resource; and

23 (10) two cents (\$.02) per kilowatt-hour in the  
24 tenth taxable year in which the qualified energy generator  
25 produces electricity using a solar-light-derived or solar-heat-

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1 derived qualified energy resource.

2 E. A taxpayer eligible for a renewable energy  
3 production tax credit pursuant to Subsection B of this section  
4 shall be eligible for the renewable energy production tax credit  
5 for ten consecutive years, beginning on the date the qualified  
6 energy generator begins producing electricity.

7 F. As used in this section:

8 (1) "biomass" means organic material that is  
9 available on a renewable or recurring basis, including:

10 (a) forest-related materials, including  
11 mill residues, logging residues, forest thinnings, slash, brush,  
12 low-commercial-value materials or undesirable species, salt  
13 cedar and other phreatophyte or woody vegetation removed from  
14 river basins or watersheds and woody material harvested for the  
15 purpose of forest fire fuel reduction or forest health and  
16 watershed improvement;

17 (b) agricultural-related materials,  
18 including orchard trees, vineyard, grain or crop residues,  
19 including straws and stover, aquatic plants and agricultural  
20 processed co-products and waste products, including fats, oils,  
21 greases, whey and lactose;

22 (c) animal waste, including manure and  
23 slaughterhouse and other processing waste;

24 (d) solid woody waste materials,  
25 including landscape or right-of-way tree trimmings, rangeland

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1 maintenance residues, waste pallets, crates and manufacturing,  
2 construction and demolition wood wastes, excluding  
3 pressure-treated, chemically treated or painted wood wastes and  
4 wood contaminated with plastic;

5 (e) crops and trees planted for the  
6 purpose of being used to produce energy;

7 (f) landfill gas, wastewater treatment  
8 gas and biosolids, including organic waste byproducts generated  
9 during the wastewater treatment process; and

10 (g) segregated municipal solid waste,  
11 excluding tires and medical and hazardous waste;

12 (2) "qualified energy generator" means a  
13 facility with at least one megawatt generating capacity located  
14 in New Mexico that produces electricity using a qualified energy  
15 resource and that sells that electricity to an unrelated person;  
16 and

17 (3) "qualified energy resource" means a  
18 resource that generates electrical energy by means of a  
19 fluidized bed technology or similar low-emissions technology or  
20 a zero-emissions generation technology that has substantial  
21 long-term production potential and that uses only the following  
22 energy sources:

23 (a) solar light;

24 (b) solar heat;

25 (c) wind; or

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1 (d) biomass.

2 G. A person that holds title to a facility  
3 generating electricity from a qualified energy resource or a  
4 person that leases such a facility from a county or municipality  
5 pursuant to an industrial revenue bond may request certification  
6 of eligibility for the renewable energy production tax credit  
7 from the energy, minerals and natural resources department,  
8 which shall determine if the facility is a qualified energy  
9 generator. The energy, minerals and natural resources  
10 department may certify the eligibility of an energy generator  
11 only if the total amount of electricity that may be produced  
12 annually by all qualified energy generators that are certified  
13 pursuant to this section and pursuant to Section 7-2A-19 NMSA  
14 1978 will not exceed a total of two million megawatt-hours plus  
15 an additional five hundred thousand megawatt-hours produced by  
16 qualified energy generators using a solar-light-derived or  
17 solar-heat-derived qualified energy resource. Applications  
18 shall be considered in the order received. The energy, minerals  
19 and natural resources department may estimate the annual  
20 power-generating potential of a generating facility for the  
21 purposes of this section. The energy, minerals and natural  
22 resources department shall issue a certificate to the applicant  
23 stating whether the facility is an eligible qualified energy  
24 generator and the estimated annual production potential of the  
25 generating facility, which shall be the limit of that facility's

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1 energy production eligible for the tax credit for the taxable  
2 year. The energy, minerals and natural resources department may  
3 issue rules governing the procedure for administering the  
4 provisions of this subsection and shall report annually to the  
5 appropriate interim legislative committee information that will  
6 allow the legislative committee to analyze the effectiveness of  
7 the renewable energy production tax credit, including the  
8 identity of qualified energy generators, the energy production  
9 means used, the amount of energy produced by those qualified  
10 energy generators and whether any applications could not be  
11 approved due to program limits.

12 H. A taxpayer may be allocated all or a portion of  
13 the right to claim a renewable energy production tax credit  
14 without regard to proportional ownership interest if:

15 (1) the taxpayer owns an interest in a business  
16 entity that is taxed for federal income tax purposes as a  
17 partnership;

18 (2) the business entity:  
19 (a) would qualify for the renewable  
20 energy production tax credit pursuant to Paragraph (1) or (2) of  
21 Subsection B of this section;

22 (b) owns an interest in a business entity  
23 that is also taxed for federal income tax purposes as a  
24 partnership and that would qualify for the renewable energy  
25 production tax credit pursuant to Paragraph (1) or (2) of

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1 Subsection B of this section; or

2 (c) owns, through one or more  
3 intermediate business entities that are each taxed for federal  
4 income tax purposes as a partnership, an interest in the  
5 business entity described in Subparagraph (b) of this paragraph;

6 (3) the taxpayer and all other taxpayers  
7 allocated a right to claim the renewable energy production tax  
8 credit pursuant to this subsection own collectively at least a  
9 five percent interest in a qualified energy generator;

10 (4) the business entity provides notice of the  
11 allocation and the taxpayer's interest to the energy, minerals  
12 and natural resources department on forms prescribed by that  
13 department; and

14 (5) the energy, minerals and natural resources  
15 department certifies the allocation in writing to the taxpayer.

16 I. Upon receipt of notice of an allocation of the  
17 right to claim all or a portion of the renewable energy  
18 production tax credit, the energy, minerals and natural  
19 resources department shall promptly certify the allocation in  
20 writing to the recipient of the allocation.

21 J. A husband and wife who file separate returns for  
22 a taxable year in which they could have filed a joint return may  
23 each claim only one-half of the credit that would have been  
24 allowed on a joint return.

25 K. A taxpayer may claim the renewable energy

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1 production tax credit by submitting to the taxation and revenue  
2 department the certificate issued by the energy, minerals and  
3 natural resources department, pursuant to Subsection G or H of  
4 this section, documentation showing the taxpayer's interest in  
5 the facility, documentation of the amount of electricity  
6 produced by the facility in the taxable year and any other  
7 information the taxation and revenue department may require to  
8 determine the amount of the tax credit due the taxpayer.

9 L. If the requirements of this section have been  
10 complied with, the department shall approve the renewable energy  
11 production tax credit. The credit may be deducted from a  
12 taxpayer's New Mexico income tax liability for the taxable year  
13 for which the credit is claimed. If the amount of tax credit  
14 exceeds the taxpayer's income tax liability for the taxable  
15 year:

16 (1) the excess may be carried forward for a  
17 period of five taxable years; or

18 (2) if the tax credit was issued with respect  
19 to a qualified energy generator that first produced electricity  
20 using a qualified energy resource on or after October 1, 2007,  
21 the excess shall be refunded to the taxpayer.

22 M. Once a taxpayer has been granted a renewable  
23 energy production tax credit for a given facility, that taxpayer  
24 shall be allowed to retain the facility's original date of  
25 application for tax credits for that facility until either the

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1 facility goes out of production for more than six consecutive  
2 months in a year or until the facility's ten-year eligibility  
3 has expired.

4 N. Beginning in 2014 and at six-year intervals  
5 following 2014, the department shall present a report on the  
6 renewable energy production tax credit to the revenue  
7 stabilization and tax policy committee for review. The  
8 committee, with the aid of the department and the energy,  
9 minerals and natural resources department, shall determine if a  
10 need remains for the credit, if the credit is effectively being  
11 used for the purpose for which it was created and if the use of  
12 the credit is cost-effective. The credit may be proposed for  
13 repeal or amendment if it is found by the committee to be  
14 ineffective, more costly than is warranted by the purpose for  
15 which the credit was proposed or unused or otherwise no longer  
16 needed."

17 SECTION 8. Section 7-2-18.19 NMSA 1978 (being Laws 2007,  
18 Chapter 204, Section 3, as amended) is amended to read:

19 "7-2-18.19. SUSTAINABLE BUILDING TAX CREDIT.--

20 A. The tax credit provided by this section may be  
21 referred to as the "sustainable building tax credit". The  
22 sustainable building tax credit shall be available for the  
23 construction in New Mexico of a sustainable building, the  
24 renovation of an existing building in New Mexico into a  
25 sustainable building or the permanent installation of

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1 manufactured housing, regardless of where the housing is  
 2 manufactured, that is a sustainable building. The tax credit  
 3 provided in this section may not be claimed with respect to the  
 4 same sustainable building for which the sustainable building tax  
 5 credit provided in the Corporate Income and Franchise Tax Act  
 6 has been claimed.

7 B. A taxpayer who files an income tax return is  
 8 eligible to be granted a sustainable building tax credit by the  
 9 department if the taxpayer submits a document issued pursuant to  
 10 Subsection I of this section with the taxpayer's income tax  
 11 return.

12 C. The amount of the sustainable building tax credit  
 13 that may be claimed with respect to a sustainable commercial  
 14 building shall be calculated based on the certification level  
 15 the building has achieved in the LEED green building rating  
 16 system and the amount of qualified occupied square footage in  
 17 the building, as indicated on the following chart:

LEED Rating Level	Qualified Occupied Square Footage	Tax Credit per Square Foot
LEED-NC Silver	First 10,000	\$3.50
	Next 40,000	\$1.75
	Over 50,000	
	up to 500,000	\$ .70
LEED-NC Gold	First 10,000	\$4.75

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1		Next 40,000	\$2.00
2		Over 50,000	
3		up to 500,000	\$1.00
4	LEED-NC Platinum	First 10,000	\$6.25
5		Next 40,000	\$3.25
6		Over 50,000	
7		up to 500,000	\$2.00
8	LEED-EB or CS Silver	First 10,000	\$2.50
9		Next 40,000	\$1.25
10		Over 50,000	
11		up to 500,000	\$ .50
12	LEED-EB or CS Gold	First 10,000	\$3.35
13		Next 40,000	\$1.40
14		Over 50,000	
15		up to 500,000	\$ .70
16	LEED-EB or CS Platinum	First 10,000	\$4.40
17		Next 40,000	\$2.30
18		Over 50,000	
19		up to 500,000	\$1.40
20	LEED-CI Silver	First 10,000	\$1.40
21		Next 40,000	\$ .70
22		Over 50,000	
23		up to 500,000	\$ .30
24	LEED-CI Gold	First 10,000	\$1.90
25		Next 40,000	\$ .80

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1	Over 50,000	
2	up to 500,000	\$ .40
3	LEED-CI Platinum	
	First 10,000	\$2.50
4	Next 40,000	\$1.30
5	Over 50,000	
6	up to 500,000	\$ .80.

7 D. The amount of the sustainable building tax  
 8 credit that may be claimed with respect to a sustainable  
 9 residential building shall be calculated based on the amount  
 10 of qualified occupied square footage, as indicated on the  
 11 following chart:

12	Rating System/Level	Qualified	Tax Credit
13		Occupied	per Square
14		Square Footage	Foot
15	LEED-H Silver or Build	First 2,000	\$5.00
16	Green NM Silver	Next 1,000	\$2.50
17	LEED-H Gold or Build	First 2,000	\$6.85
18	Green NM Gold	Next 1,000	\$3.40
19	LEED-H Platinum or Build	First 2,000	\$9.00
20	Green NM Emerald	Next 1,000	\$4.45
21	EPA ENERGY STAR		
22	Manufactured Housing	Up to 3,000	\$3.00.

23 E. A person that is a building owner may apply  
 24 for a certificate of eligibility for the sustainable building  
 25 tax credit from the energy, minerals and natural resources

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1 department after the construction, installation or renovation  
2 of the sustainable building is complete. Applications shall  
3 be considered in the order received. If the energy, minerals  
4 and natural resources department determines that the building  
5 owner meets the requirements of this subsection and that the  
6 building with respect to which the tax credit application is  
7 made meets the requirements of this section as a sustainable  
8 residential building or a sustainable commercial building,  
9 the energy, minerals and natural resources department may  
10 issue a certificate of eligibility to the building owner,  
11 subject to the limitation in Subsection F of this section.  
12 The certificate shall include the rating system certification  
13 level awarded to the building, the amount of qualified  
14 occupied square footage in the building and a calculation of  
15 the maximum amount of sustainable building tax credit for  
16 which the building owner would be eligible. The energy,  
17 minerals and natural resources department may issue rules  
18 governing the procedure for administering the provisions of  
19 this subsection. If the certification level for the  
20 sustainable residential building is awarded on or after  
21 January 1, 2007, the energy, minerals and natural resources  
22 department may issue a certificate of eligibility to a  
23 building owner who is:

24 (1) the owner of the sustainable residential  
25 building at the time the certification level for the building

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1 is awarded; or

2 (2) the subsequent purchaser of a  
3 sustainable residential building with respect to which no tax  
4 credit has been previously claimed.

5 F. The energy, minerals and natural resources  
6 department may issue a certificate of eligibility only if the  
7 total amount of sustainable building tax credits represented  
8 by certificates of eligibility issued by the energy, minerals  
9 and natural resources department pursuant to this section and  
10 pursuant to the Corporate Income and Franchise Tax Act shall  
11 not exceed in any calendar year an aggregate amount of five  
12 million dollars (\$5,000,000) with respect to sustainable  
13 commercial buildings and an aggregate amount of five million  
14 dollars (\$5,000,000) with respect to sustainable residential  
15 buildings; provided that no more than one million two hundred  
16 fifty thousand dollars (\$1,250,000) of the aggregate amount  
17 with respect to sustainable residential buildings shall be  
18 for manufactured housing. If for any taxable year, the  
19 energy, minerals and natural resources department determines  
20 that the applications for sustainable building tax credits  
21 with respect to sustainable residential buildings for that  
22 taxable year exceed the aggregate limit set in this section,  
23 the energy, minerals and natural resources department may  
24 issue certificates of eligibility under the aggregate annual  
25 limit for sustainable commercial buildings to building owners

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1 of multifamily dwelling units that meet the requirements of  
2 the energy, minerals and natural resources department and of  
3 this section; provided that applications for sustainable  
4 building credits for other sustainable commercial buildings  
5 total less than the full amount allocated for tax credits for  
6 sustainable commercial buildings.

7 G. Installation of a solar thermal system or a  
8 photovoltaic system eligible for the solar market development  
9 tax credit pursuant to Section 7-2-18.14 NMSA 1978 may not be  
10 used as a component of qualification for the rating system  
11 certification level used in determining eligibility for the  
12 sustainable building tax credit, unless a solar market  
13 development tax credit pursuant to Section 7-2-18.14 NMSA  
14 1978 has not been claimed with respect to that system and the  
15 building owner and the taxpayer claiming the sustainable  
16 building tax credit certify that such a tax credit will not  
17 be claimed with respect to that system.

18 H. To be eligible for the sustainable building  
19 tax credit, the building owner shall provide to the taxation  
20 and revenue department a certificate of eligibility issued by  
21 the energy, minerals and natural resources department  
22 pursuant to the requirements of Subsection E of this section  
23 and any other information the taxation and revenue department  
24 may require to determine the amount of the tax credit for  
25 which the building owner is eligible.

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1           I. If the requirements of this section have been  
2 complied with, the department shall issue to the building  
3 owner a document granting a sustainable building tax credit.  
4 The document shall be numbered for identification and declare  
5 its date of issuance and the amount of the tax credit allowed  
6 pursuant to this section. The document may be submitted by  
7 the building owner with that taxpayer's income tax return, if  
8 applicable, or may be sold, exchanged or otherwise  
9 transferred to another taxpayer. The parties to such a  
10 transaction shall notify the department of the sale, exchange  
11 or transfer within ten days of the sale, exchange or  
12 transfer.

13           J. Except as provided in Subsection K of this  
14 section, the sustainable building tax credit represented by  
15 the document issued pursuant to Subsection I of this section  
16 shall be applied against the taxpayer's income tax liability  
17 for the taxable year for which the credit is approved and the  
18 three subsequent taxable years, in increments of twenty-five  
19 percent of the total credit amount in each of the four  
20 taxable years. If the amount of the credit available in a  
21 taxable year exceeds the taxpayer's income tax liability for  
22 that taxable year, the excess may be carried forward for up  
23 to seven years.

24           K. If the total amount of a sustainable building  
25 tax credit approved by the department is less than twenty-

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1 five thousand dollars (\$25,000), the entire amount of the  
2 credit may be applied against the taxpayer's income tax  
3 liability for the taxable year for which the credit is  
4 approved. If the amount of the credit exceeds the taxpayer's  
5 income tax liability for that taxable year, the excess may be  
6 carried forward for up to seven years.

7 L. A taxpayer who otherwise qualifies and claims  
8 a sustainable building tax credit with respect to a  
9 sustainable building owned by a partnership or other business  
10 association of which the taxpayer is a member may claim a  
11 credit only in proportion to that taxpayer's interest in the  
12 partnership or association. The total credit claimed in the  
13 aggregate by all members of the partnership or association  
14 with respect to the sustainable building shall not exceed the  
15 amount of the credit that could have been claimed by a sole  
16 owner of the property.

17 M. A husband and wife who file separate returns  
18 for a taxable year in which they could have filed a joint  
19 return may each claim only one-half of the sustainable  
20 building tax credit that would have been allowed on a joint  
21 return.

22 N. Beginning in 2014 and at six-year intervals  
23 following 2014, the department shall present a report on the  
24 sustainable building tax credit to the revenue stabilization  
25 and tax policy committee for review. The committee, with the

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1 aid of the department and the energy, minerals and natural  
 2 resources department, shall determine if a need remains for  
 3 the credit, if the credit is effectively being used for the  
 4 purpose for which it was created and if the use of the credit  
 5 is cost-effective. The credit may be proposed for repeal or  
 6 amendment if it is found by the committee to be ineffective,  
 7 more costly than is warranted by the purpose for which the  
 8 credit was proposed or unused or otherwise no longer needed.

9 [N.] O. For the purposes of this section:

10 (1) "build green New Mexico rating system"  
 11 means the certification standards adopted by the homebuilders  
 12 association of central New Mexico;

13 (2) "LEED-CI" means the LEED rating system  
 14 for commercial interiors;

15 (3) "LEED-CS" means the LEED rating system  
 16 for the core and shell of buildings;

17 (4) "LEED-EB" means the LEED rating system  
 18 for existing buildings;

19 (5) "LEED gold" means the rating in  
 20 compliance with, or exceeding, the second-highest rating  
 21 awarded by the LEED certification process;

22 (6) "LEED" means the most current leadership  
 23 in energy and environmental design green building rating  
 24 system guidelines developed and adopted by the United States  
 25 green building council;

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1 (7) "LEED-H" means the LEED rating system  
2 for homes;

3 (8) "LEED-NC" means the LEED rating system  
4 for new buildings and major renovations;

5 (9) "LEED platinum" means the rating in  
6 compliance with, or exceeding, the highest rating awarded by  
7 the LEED certification process;

8 (10) "LEED silver" means the rating in  
9 compliance with, or exceeding, the third-highest rating  
10 awarded by the LEED certification process;

11 (11) "manufactured housing" means a  
12 multisectioned home that is:

13 (a) a manufactured home or modular  
14 home;

15 (b) a single-family dwelling with a  
16 heated area of at least thirty-six feet by twenty-four feet  
17 and a total area of at least eight hundred sixty-four square  
18 feet;

19 (c) constructed in a factory to the  
20 standards of the United States department of housing and  
21 urban development, the National Manufactured Housing  
22 Construction and Safety Standards Act of 1974 and the Housing  
23 and Urban Development Zone Code 2 or New Mexico construction  
24 codes up to the date of the unit's construction; and

25 (d) installed consistent with the

1 Manufactured Housing Act and rules adopted pursuant to that  
2 act relating to permanent foundations;

3 (12) "qualified occupied square footage"  
4 means the occupied spaces of the building as determined by:

5 (a) the United States green building  
6 council for those buildings obtaining LEED certification;

7 (b) the administrators of the build  
8 green New Mexico rating system for those homes obtaining  
9 build green New Mexico certification; and

10 (c) the United States environmental  
11 protection agency for ENERGY STAR-certified manufactured  
12 homes;

13 (13) "person" does not include state, local  
14 government, public school district or tribal agencies;

15 (14) "sustainable building" means either a  
16 sustainable commercial building or a sustainable residential  
17 building;

18 (15) "sustainable commercial building" means  
19 a building that has been registered and certified under the  
20 LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system and that:

21 (a) is certified by the United States  
22 green building council at LEED silver or higher;

23 (b) achieves any prerequisite for and  
24 at least one point related to commissioning under LEED  
25 "energy and atmosphere", if included in the applicable rating

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1 system; and

2 (c) has reduced energy consumption, as  
3 follows: 1) through 2011, a fifty percent energy reduction  
4 will be required based on the national average for that  
5 building type as published by the United States department of  
6 energy; and beginning January 1, 2012, a sixty percent energy  
7 reduction will be required based on the national average for  
8 that building type as published by the United States  
9 department of energy; and 2) is substantiated by the United  
10 States environmental protection agency target finder energy  
11 performance results form, dated no sooner than the schematic  
12 design phase of development;

13 (16) "sustainable residential building"

14 means:

15 (a) a building used as a single-family  
16 residence as registered and certified under the build green  
17 New Mexico or LEED-H rating system that: 1) is certified by  
18 the United States green building council as LEED-H silver or  
19 higher or by build green New Mexico as silver or higher; and  
20 2) has achieved a home energy rating system index of sixty or  
21 lower as developed by the residential energy services  
22 network;

23 (b) a multifamily dwelling unit, as  
24 registered and certified under the LEED-H or build green New  
25 Mexico rating system that: 1) is certified by the United

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1 States green building council as LEED-H silver or higher or  
 2 by build green New Mexico as silver or higher; and 2) has  
 3 achieved a home energy rating system index of sixty or lower  
 4 as developed by the residential energy services network; or

5 (c) manufactured housing that is  
 6 ENERGY STAR-qualified by the United States environmental  
 7 protection agency; and

8 (17) "tribal" means of, belonging to or  
 9 created by a federally recognized Indian nation, tribe or  
 10 pueblo."

11 SECTION 9. Section 7-2-18.21 NMSA 1978 (being Laws  
 12 2007, Chapter 204, Section 7) is amended to read:

13 "7-2-18.21. CREDIT--BLENDED BIODIESEL FUEL.--

14 A. A taxpayer who is liable for payment of the  
 15 special fuel excise tax pursuant to Subsections A through D  
 16 of Section 7-16A-2.1 NMSA 1978 and who files a New Mexico  
 17 income tax return is eligible to claim a credit against  
 18 income tax liability for each gallon of blended biodiesel  
 19 fuel on which that person paid the special fuel excise tax in  
 20 the taxable year, or would have paid the special fuel excise  
 21 tax in the taxable year but for the deductions allowed  
 22 pursuant to Subsections B through F of Section 7-16A-10 NMSA  
 23 1978 or the treaty exemption for north Atlantic treaty  
 24 organization use. The credit shall be in the following  
 25 amounts for the following periods:

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1 (1) from January 1, 2007 until December 31,  
2 2010, at a rate of three cents (\$.03) per gallon;

3 (2) from January 1, 2011 until December 31,  
4 2011, at a rate of two cents (\$.02) per gallon; and

5 (3) from January 1, 2012 until December 31,  
6 2012, at a rate of one cent (\$.01) per gallon.

7 B. The tax credit provided by this section may  
8 not be claimed with respect to the same blended biodiesel  
9 fuel for which a credit has been claimed pursuant to the  
10 Corporate Income and Franchise Tax Act or for which a credit  
11 or refund has been claimed pursuant to Section 7-16A-13 NMSA  
12 1978.

13 C. A taxpayer who otherwise qualifies for and  
14 claims a credit pursuant to this section for blended  
15 biodiesel fuel on which special fuel excise tax has been paid  
16 by a partnership or other business association of which the  
17 taxpayer is a member may claim a credit only in proportion to  
18 the taxpayer's interest in the partnership or business  
19 association. The total credit claimed in the aggregate by  
20 all members of the partnership or business association shall  
21 not exceed the amount of credit allowed pursuant to  
22 Subsection A of this section.

23 D. A husband and wife who file separate returns  
24 for a taxable year in which they could have filed a joint  
25 return may each claim only one-half of the credit that would

1 have been allowed on a joint return.

2 E. The tax credit provided by this section may  
3 only be applied against the income tax liability of the  
4 person who paid the special fuel excise tax on the blended  
5 biodiesel fuel with respect to which the credit is provided,  
6 or who would have paid the special fuel excise tax but for  
7 the deductions allowed pursuant to Subsections B through F of  
8 Section 7-16A-10 NMSA 1978 or the treaty exemption for north  
9 Atlantic treaty organization use. If the credit exceeds the  
10 person's income tax liability for the taxable year in which  
11 the credit is granted, the credit may be carried forward for  
12 five years.

13 F. A taxpayer claiming a credit pursuant to this  
14 section shall provide documentation of eligibility in form  
15 and content as determined by the department.

16 G. Beginning in 2014 and at six-year intervals  
17 following 2014, the department shall present a report on the  
18 tax credit provided pursuant to this section to the revenue  
19 stabilization and tax policy committee for review. The  
20 committee, with the aid of the department and the energy,  
21 minerals and natural resources department, shall determine if  
22 a need remains for the credit, if the credit is effectively  
23 being used for the purpose for which it was created and if  
24 the use of the credit is cost-effective. The credit may be  
25 proposed for repeal or amendment if it is found by the

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1 committee to be ineffective, more costly than is warranted by  
2 the purpose for which the credit was proposed or unused or  
3 otherwise no longer needed.

4 [~~G.~~] H. For the purposes of this section:

5 (1) "biodiesel" means renewable,  
6 biodegradable, monoalkyl ester combustible liquid fuel that  
7 is derived from agricultural plant oils or animal fats and  
8 that meets American society for testing and materials D 6751  
9 standard specification for biodiesel B100 blend stock for  
10 distillate fuels;

11 (2) "blended biodiesel fuel" means a diesel  
12 fuel that contains at least two percent biodiesel; and

13 (3) "diesel fuel" means any diesel-engine  
14 fuel used for the generation of power to propel a motor  
15 vehicle."

16 **SECTION 10.** Section 7-2-18.22 NMSA 1978 (being Laws  
17 2007, Chapter 361, Section 2) is amended to read:

18 "7-2-18.22. TAX CREDIT--RURAL HEALTH CARE PRACTITIONER  
19 TAX CREDIT.--

20 A. A taxpayer who files an individual New Mexico  
21 tax return, who is not a dependent of another individual, who  
22 is an eligible health care practitioner and who has provided  
23 health care services in New Mexico in a rural health care  
24 underserved area in a taxable year may claim a credit against  
25 the tax liability imposed by the Income Tax Act. The credit

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1 provided in this section may be referred to as the "rural  
2 health care practitioner tax credit".

3 B. The rural health care practitioner tax credit  
4 may be claimed and allowed in an amount that shall not exceed  
5 five thousand dollars (\$5,000) for all eligible physicians,  
6 osteopathic physicians, dentists, clinical psychologists,  
7 podiatrists and optometrists who qualify pursuant to the  
8 provisions of this section, except the credit shall not  
9 exceed three thousand dollars (\$3,000) for all eligible  
10 dental hygienists, physician assistants, certified nurse-  
11 midwives, certified registered nurse anesthetists, certified  
12 nurse practitioners and clinical nurse specialists.

13 C. To qualify for the rural health care  
14 practitioner tax credit, an eligible health care practitioner  
15 shall have provided health care during a taxable year for at  
16 least two thousand eighty hours at a practice site located in  
17 an approved, rural health care underserved area. An eligible  
18 rural health care practitioner who provided health care  
19 services for at least one thousand forty hours but less than  
20 two thousand eighty hours at a practice site located in an  
21 approved rural health care underserved area during a taxable  
22 year is eligible for one-half of the credit amount.

23 D. Before an eligible health care practitioner  
24 may claim the rural health care practitioner tax credit, the  
25 practitioner shall submit an application to the department of

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1 health that describes the practitioner's clinical practice  
2 and contains additional information that the department of  
3 health may require. The department of health shall determine  
4 whether an eligible health care practitioner qualifies for  
5 the rural health care practitioner tax credit and shall issue  
6 a certificate to each qualifying eligible health care  
7 practitioner. The department of health shall provide the  
8 taxation and revenue department appropriate information for  
9 all eligible health care practitioners to whom certificates  
10 are issued.

11 E. A taxpayer claiming the credit provided by  
12 this section shall submit a copy of the certificate issued by  
13 the department of health with the taxpayer's New Mexico  
14 income tax return for the taxable year. If the amount of the  
15 credit claimed exceeds a taxpayer's tax liability for the  
16 taxable year in which the credit is being claimed, the excess  
17 may be carried forward for three consecutive taxable years.

18 F. Beginning in 2014 and at six-year intervals  
19 following 2014, the department shall present a report on the  
20 rural health care practitioner credit to the revenue  
21 stabilization and tax policy committee for review. The  
22 committee, with the aid of the department and the department  
23 of health, shall determine if a need remains for the credit,  
24 if the credit is effectively being used for the purpose for  
25 which it was created and if the use of the credit is cost-

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1 effective. The credit may be proposed for repeal or  
2 amendment if it is found by the committee to be ineffective,  
3 more costly than is warranted by the purpose for which the  
4 credit was proposed or unused or otherwise no longer needed.

5 ~~[F-]~~ G. As used in this section:

6 (1) "eligible health care practitioner"

7 means:

8 (a) a certified nurse-midwife licensed  
9 by the board of nursing as a registered nurse and licensed by  
10 the public health division of the department of health to  
11 practice nurse-midwifery as a certified nurse-midwife;

12 (b) a dentist or dental hygienist  
13 licensed pursuant to the Dental Health Care Act;

14 (c) an optometrist licensed pursuant  
15 to the provisions of the Optometry Act;

16 (d) an osteopathic physician licensed  
17 pursuant to the provisions of Chapter 61, Article 10 NMSA  
18 1978 or an osteopathic physician assistant licensed pursuant  
19 to the provisions of the Osteopathic Physicians' Assistants  
20 Act;

21 (e) a physician or physician assistant  
22 licensed pursuant to the provisions of Chapter 61, Article 6  
23 NMSA 1978;

24 (f) a podiatrist licensed pursuant to  
25 the provisions of the Podiatry Act;

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1 (g) a clinical psychologist licensed  
2 pursuant to the provisions of the Professional Psychologist  
3 Act; and

4 (h) a registered nurse in advanced  
5 practice who has been prepared through additional formal  
6 education as provided in Sections 61-3-23.2 through 61-3-23.4  
7 NMSA 1978 to function beyond the scope of practice of  
8 professional registered nursing, including certified nurse  
9 practitioners, certified registered nurse anesthetists and  
10 clinical nurse specialists;

11 (2) "health care underserved area" means a  
12 geographic area or practice location in which it has been  
13 determined by the department of health, through the use of  
14 indices and other standards set by the department of health,  
15 that sufficient health care services are not being provided;

16 (3) "practice site" means a private  
17 practice, public health clinic, hospital, public or private  
18 nonprofit primary care clinic or other health care service  
19 location in a health care underserved area; and

20 (4) "rural" means an area or location  
21 identified by the department of health as falling outside of  
22 an urban area."

23 SECTION 11. Section 7-2-18.24 NMSA 1978 (being Laws  
24 2009, Chapter 271, Section 1) is amended to read:

25 "7-2-18.24. GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX

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1 CREDIT.--

2 A. A taxpayer who files an individual New Mexico  
3 income tax return for a taxable year beginning on or after  
4 January 1, 2010 and who purchases and installs after January  
5 1, 2010 but before December 31, 2020 a geothermal ground-  
6 coupled heat pump in a residence, business or agricultural  
7 enterprise in New Mexico owned by that taxpayer may apply  
8 for, and the department may allow, a tax credit of up to  
9 thirty percent of the purchase and installation costs of the  
10 system. The credit provided in this section may be referred  
11 to as the "geothermal ground-coupled heat pump tax credit".  
12 The total geothermal ground-coupled heat pump tax credit  
13 allowed to a taxpayer shall not exceed nine thousand dollars  
14 (\$9,000). The department shall allow a geothermal ground-  
15 coupled heat pump tax credit only for geothermal ground-  
16 coupled heat pumps certified by the energy, minerals and  
17 natural resources department.

18 B. A portion of the geothermal ground-coupled  
19 heat pump tax credit that remains unused in a taxable year  
20 may be carried forward for a maximum of ten consecutive  
21 taxable years following the taxable year in which the credit  
22 originates until the credit is fully expended.

23 C. Prior to July 1, 2010, the energy, minerals  
24 and natural resources department shall adopt rules  
25 establishing procedures to provide certification of

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1 geothermal ground-coupled heat pumps for purposes of  
2 obtaining a geothermal ground-coupled heat pump tax credit.  
3 The rules shall address technical specifications and  
4 requirements relating to safety, building code and standards  
5 compliance, minimum system sizes, system applications and  
6 lists of eligible components. The energy, minerals and  
7 natural resources department may modify the specifications  
8 and requirements as necessary to maintain a high level of  
9 system quality and performance.

10 D. The department may allow a maximum annual  
11 aggregate of two million dollars (\$2,000,000) in geothermal  
12 ground-coupled heat pump tax credits. Applications for the  
13 credit shall be considered in the order received by the  
14 department.

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

25 F. A husband and wife who file separate returns

1 for a taxable year in which they could have filed a joint  
 2 return may each claim only one-half of the credit that would  
 3 have been allowed on a joint return.

4 G. Beginning in 2014 and at six-year intervals  
 5 following 2014, the department shall present a report on the  
 6 geothermal ground-coupled heat pump tax credit to the revenue  
 7 stabilization and tax policy committee for review. The  
 8 committee, with the aid of the department and the energy,  
 9 minerals and natural resources department, shall determine if  
 10 a need remains for the credit, if the credit is effectively  
 11 being used for the purpose for which it was created and if  
 12 the use of the credit is cost-effective. The credit may be  
 13 proposed for repeal or amendment if it is found by the  
 14 committee to be ineffective, more costly than is warranted by  
 15 the purpose for which the credit was proposed or unused or  
 16 otherwise no longer needed.

17 [~~G.~~] H. As used in this section, "geothermal  
 18 ground-coupled heat pump" means a system that uses energy  
 19 from the ground, water or, ultimately, the sun for  
 20 distribution of heating, cooling or domestic hot water; that  
 21 has either a minimum coefficient of performance of three and  
 22 four-tenths or an efficiency ratio of sixteen or greater; and  
 23 that is installed by an accredited installer certified by the  
 24 international ground source heat pump association."

25 **SECTION 12.** A new section of the Corporate Income and

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1 Franchise Tax Act is enacted to read:

2 "[NEW MATERIAL] TAX CREDITS--TAXPAYER REPORTING  
3 REQUIREMENTS.--A taxpayer allowed a credit by the department  
4 pursuant to Section 7-2A-8.6, 7-2A-8.9, 7-2A-14, 7-2A-17.1,  
5 7-2A-19, 7-2A-21, 7-2A-23 or 7-2A-24 NMSA 1978, or any other  
6 tax credit enacted pursuant to the Corporate Income and  
7 Franchise Tax Act after January 1, 2011, shall report  
8 annually by June 30 to the department on the activities of  
9 the taxpayer in the preceding calendar year on a form  
10 developed by the department to obtain information necessary  
11 to analyze the effectiveness of the credit, determine if the  
12 credit is being used for the purpose for which it was created  
13 and assess whether the credit is cost-effective."

14 SECTION 13. Section 7-2A-8.6 NMSA 1978 (being Laws  
15 1984, Chapter 34, Section 2, as amended) is amended to read:

16 "7-2A-8.6. CREDIT FOR PRESERVATION OF CULTURAL  
17 PROPERTY--CORPORATE INCOME TAX CREDIT.--

18 A. Tax credits for the preservation of cultural  
19 property may be claimed as follows:

20 (1) to encourage the restoration,  
21 rehabilitation and preservation of cultural properties, a  
22 taxpayer that files a corporate income tax return and that is  
23 the owner of a cultural property listed on the official New  
24 Mexico register of cultural properties, with its consent, may  
25 claim a credit not to exceed twenty-five thousand dollars

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1 (\$25,000) in an amount equal to one-half of the cost of  
2 restoration, rehabilitation or preservation of the cultural  
3 property; or

4 (2) if a cultural property, whose owner may  
5 otherwise claim the credit set forth in Paragraph (1) of this  
6 subsection is also located within an arts and cultural  
7 district designated by the state or a municipality pursuant  
8 to the Arts and Cultural District Act, the owner of that  
9 cultural property may claim a credit not to exceed fifty  
10 thousand dollars (\$50,000), including any credit claimed  
11 pursuant to Paragraph (1) of this subsection, in an amount  
12 equal to one-half of the cost of restoration, rehabilitation  
13 or preservation of the cultural property.

14 B. The taxpayer may claim the credit if:

15 (1) it submitted a plan and specifications  
16 for restoration, rehabilitation or preservation to the  
17 committee and received approval from the committee for the  
18 plan and specifications prior to commencement of the  
19 restoration, rehabilitation or preservation;

20 (2) it received certification from the  
21 committee after completing the restoration, rehabilitation or  
22 preservation, or committee-approved phase, that it conformed  
23 to the plan and specifications and preserved and maintained  
24 those qualities of the property that made it eligible for  
25 inclusion in the official register; and

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1                   (3) the project is completed within twenty-  
2 four months of the date the project is approved by the  
3 committee in accordance with Paragraph (1) of this  
4 subsection.

5                   C. A taxpayer may claim the credit provided in  
6 this section for each taxable year in which preservation,  
7 restoration or rehabilitation is carried out. Claims for the  
8 credit provided in this section shall be limited to three  
9 consecutive years, and the maximum aggregate credit allowable  
10 shall not exceed twenty-five thousand dollars (\$25,000) if  
11 governed by Paragraph (1) of Subsection A of this section, or  
12 fifty thousand dollars (\$50,000) if governed by Paragraph (2)  
13 of Subsection A of this section, for any single restoration,  
14 rehabilitation or preservation project certified by the  
15 committee for any cultural property listed on the official  
16 New Mexico register. No single project may extend beyond a  
17 period of more than two years.

18                   D. A taxpayer ~~who~~ that otherwise qualifies and  
19 claims a credit on a restoration, rehabilitation or  
20 preservation project on property owned by a partnership of  
21 which the taxpayer is a member may claim a credit only in  
22 proportion to the taxpayer's interest in the partnership.  
23 The total credit claimed by all members of the partnership  
24 shall not exceed twenty-five thousand dollars (\$25,000) if  
25 governed by Paragraph (1) of Subsection A of this section, or

1 fifty thousand dollars (\$50,000) if governed by Paragraph (2)  
2 of Subsection A of this section, in the aggregate for any  
3 single restoration, preservation or rehabilitation project  
4 for any cultural property listed on the official New Mexico  
5 register approved by the committee.

6 E. The credit provided in this section may only  
7 be deducted from the taxpayer's corporate income tax  
8 liability. Any portion of the maximum tax credit provided by  
9 this section that remains unused at the end of the taxpayer's  
10 taxable year may be carried forward for four consecutive  
11 years; provided, however, the total tax credits claimed under  
12 this section shall not exceed twenty-five thousand dollars  
13 (\$25,000) if governed by Paragraph (1) of Subsection A of  
14 this section, or fifty thousand dollars (\$50,000) if governed  
15 by Paragraph (2) of Subsection A of this section, for any  
16 single restoration, rehabilitation or preservation project  
17 for any cultural property listed on the official New Mexico  
18 register.

19 F. The historic preservation division shall  
20 promulgate regulations for the implementation of this  
21 section.

22 G. Beginning in 2014 and at six-year intervals  
23 following 2014, the department shall present a report on the  
24 tax credit provided pursuant to this section to the revenue  
25 stabilization and tax policy committee for review. The

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1 revenue stabilization and tax policy committee, with the aid  
2 of the department and the cultural affairs department, shall  
3 determine if a need remains for the credit, if the credit is  
4 effectively being used for the purpose for which it was  
5 created and if the use of the credit is cost-effective. The  
6 credit may be proposed for repeal or amendment if it is found  
7 by the revenue stabilization and tax policy committee to be  
8 ineffective, more costly than is warranted by the purpose for  
9 which the credit was proposed or unused or otherwise no  
10 longer needed.

11 ~~[G.]~~ H. As used in this section:

12 (1) "committee" means the cultural  
13 properties review committee created in Section 18-6-4 NMSA  
14 1978; and

15 (2) "historic preservation division" means  
16 the historic preservation division of the cultural affairs  
17 department created in Section 18-6-8 NMSA 1978."

18 SECTION 14. Section 7-2A-8.9 NMSA 1978 (being Laws  
19 2003, Chapter 331, Section 8, as amended) is amended to read:

20 "7-2A-8.9. TAX CREDIT--CERTAIN CONVEYANCES OF REAL  
21 PROPERTY.--

22 A. There shall be allowed as a credit against the  
23 tax liability imposed by the Corporate Income and Franchise  
24 Tax Act an amount equal to fifty percent of the fair market  
25 value of land or interest in land that is conveyed for the

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1 purpose of open space, natural resource or biodiversity  
2 conservation, agricultural preservation or watershed or  
3 historic preservation as an unconditional donation in  
4 perpetuity by the landowner or taxpayer to a public or  
5 private conservation agency eligible to hold the land and  
6 interests therein for conservation or preservation purposes.  
7 The fair market value of qualified donations made pursuant to  
8 this section shall be substantiated by a "qualified  
9 appraisal" prepared by a "qualified appraiser", as those  
10 terms are defined under applicable federal laws and  
11 regulations governing charitable contributions.

12 B. The amount of the credit that may be claimed  
13 by a taxpayer shall not exceed one hundred thousand dollars  
14 (\$100,000) for a conveyance made prior to January 1, 2008 and  
15 shall not exceed two hundred fifty thousand dollars  
16 (\$250,000) for a conveyance made on or after that date. In  
17 addition, in a taxable year, the credit used may not exceed  
18 the amount of corporate income tax otherwise due. A portion  
19 of the credit that is unused in a taxable year may be carried  
20 over for a maximum of twenty consecutive taxable years  
21 following the taxable year in which the credit originated  
22 until fully expended. A taxpayer may claim only one tax  
23 credit per taxable year.

24 C. Qualified donations shall include the  
25 conveyance in perpetuity of a fee interest in real property

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1 or a less-than-fee interest in real property, such as a  
2 conservation restriction, preservation restriction,  
3 agricultural preservation restriction or watershed  
4 preservation restriction, pursuant to the Land Use Easement  
5 Act; provided that the less-than-fee interest qualifies as a  
6 charitable contribution deduction under Section 170(h) of the  
7 Internal Revenue Code. Dedications of land for open space  
8 for the purpose of fulfilling density requirements to obtain  
9 subdivision or building permits shall not be considered as  
10 qualified donations pursuant to the Land Conservation  
11 Incentives Act.

12 D. Qualified donations shall be eligible for the  
13 tax credit if the donations are made to the state of New  
14 Mexico, a political subdivision thereof or a charitable  
15 organization described in Section 501(c)(3) of the Internal  
16 Revenue Code and that meets the requirements of Section  
17 170(h)(3) of that code.

18 E. To be eligible for treatment as qualified  
19 donations under this section, land or interests in lands must  
20 be certified by the secretary of energy, minerals and natural  
21 resources as fulfilling the purposes as set forth in Section  
22 ~~[5-9-2]~~ 75-9-2 NMSA 1978. The use and protection of the  
23 lands, or interests therein, for open space, natural area  
24 protection, biodiversity habitat conservation, land  
25 preservation, agricultural preservation, historic

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1 preservation or similar use or purpose of the property shall  
2 be assured in perpetuity.

3 F. A taxpayer may apply for certification of  
4 eligibility for the tax credit provided by this section from  
5 the energy, minerals and natural resources department. If  
6 the energy, minerals and natural resources department  
7 determines that the application meets the requirements of  
8 this section and that the property conveyed will not  
9 adversely affect the property rights of contiguous  
10 landowners, it shall issue a certificate of eligibility to  
11 the taxpayer, which shall include a calculation of the  
12 maximum amount of tax credit for which the taxpayer would be  
13 eligible. The energy, minerals and natural resources  
14 department may issue rules governing the procedure for  
15 administering the provisions of this subsection.

16 G. To receive a credit pursuant to this section,  
17 a person shall apply to the taxation and revenue department  
18 on forms and in the manner prescribed by the department. The  
19 application shall include a certificate of eligibility issued  
20 by the energy, minerals and natural resources department  
21 pursuant to Subsection F of this section. If all of the  
22 requirements of this section have been complied with, the  
23 taxation and revenue department shall issue to the applicant  
24 a document granting the tax credit. The document shall be  
25 numbered for identification and declare its date of issuance

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1 and the amount of the tax credit allowed for the qualified  
2 donation made pursuant to this section.

3 H. The tax credit represented by a document  
4 issued pursuant to Subsection G of this section for a  
5 conveyance made on or after January 1, 2008, or an increment  
6 of that tax credit, may be sold, exchanged or otherwise  
7 transferred and may be carried forward for a period of twenty  
8 taxable years following the taxable year in which the credit  
9 originated until fully expended. A tax credit or increment  
10 of a tax credit may only be transferred once. The credit may  
11 be transferred to any taxpayer. A taxpayer to whom a credit  
12 has been transferred may use the credit for the taxable year  
13 in which the transfer occurred and unused amounts may be  
14 carried forward to succeeding taxable years, but in no event  
15 may the transferred credit be used more than twenty years  
16 after it was originally issued.

17 I. A tax credit issued pursuant to this section  
18 shall be transferred through a qualified intermediary. The  
19 qualified intermediary shall, by means of a sworn notarized  
20 statement, notify the taxation and revenue department of the  
21 transfer and of the date of the transfer within ten days of  
22 the transfer. Credits shall only be transferred in  
23 increments of ten thousand dollars (\$10,000) or more. The  
24 qualified intermediary shall keep an account of the credits  
25 and have the authority to issue sub-numbers registered with

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1 the taxation and revenue department and traceable to the  
2 original credit.

3 J. If a charitable deduction is claimed on the  
4 taxpayer's federal income tax for any contribution for which  
5 the credit provided by this section is claimed, the  
6 taxpayer's itemized deductions for New Mexico income tax  
7 shall be reduced by the amount of the deduction for the  
8 contribution in order to determine the New Mexico taxable  
9 income of the taxpayer.

10 K. Beginning in 2014 and at six-year intervals  
11 following 2014, the department shall present a report on the  
12 tax credit provided pursuant to this section to the revenue  
13 stabilization and tax policy committee for review. The  
14 committee, with the aid of the department and the energy,  
15 minerals and natural resources department, shall determine if  
16 a need remains for the credit, if the credit is effectively  
17 being used for the purpose for which it was created and if  
18 the use of the credit is cost-effective. The credit may be  
19 proposed for repeal or amendment if it is found by the  
20 committee to be ineffective, more costly than is warranted by  
21 the purpose for which the credit was proposed or unused or  
22 otherwise no longer needed.

23 [~~K.~~] L. For the purposes of this section:

24 (1) "qualified intermediary" does not  
25 include a person who has been previously convicted of a

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1 felony, who has had a professional license revoked, who is  
2 engaged in the practice defined in Section 61-28B-3 NMSA 1978  
3 and who is identified in Section 61-29-2 NMSA 1978, and does  
4 not include any entity owned wholly or in part or employing  
5 any of the foregoing persons; and

6 (2) "taxpayer" means a citizen or resident  
7 of the United States, a domestic partnership, a limited  
8 liability company, a domestic corporation, an estate,  
9 including a foreign estate, or a trust."

10 SECTION 15. Section 7-2A-14 NMSA 1978 (being Laws 1983,  
11 Chapter 218, Section 1, as amended) is amended to read:

12 "7-2A-14. CORPORATE-SUPPORTED CHILD CARE--CREDITS  
13 ALLOWED.--

14 A. A taxpayer that pays for child care services  
15 in New Mexico for dependent children of an employee of the  
16 taxpayer during the employee's hours of employment may claim  
17 a credit against the corporate income tax imposed pursuant to  
18 the Corporate Income and Franchise Tax Act in an amount equal  
19 to thirty percent of the total expenses, net of any  
20 reimbursements, for child care services incurred and paid by  
21 the taxpayer in the taxable year.

22 B. A taxpayer that operates a child care facility  
23 in New Mexico used primarily by the dependent children of the  
24 taxpayer's employees may also claim a credit against the  
25 corporate income tax imposed pursuant to the Corporate Income

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1 and Franchise Tax Act in an amount equal to thirty percent of  
 2 the net cost of operating the child care facility for the  
 3 taxable year. If two or more taxpayers share in the cost of  
 4 operating a child care facility primarily for the dependent  
 5 children of the taxpayers' employees, each taxpayer shall be  
 6 allowed a credit in relation to the taxpayer's share of the  
 7 cost of operating the child care facility. Each taxpayer's  
 8 share of the tax credit shall be determined by dividing the  
 9 employer's share of the net cost of operating the child care  
 10 facility by the number of children served and multiplying the  
 11 result by the number of the taxpayer's employees' children  
 12 served. The credit allowed pursuant to this subsection may  
 13 be taken only if the child care facility is operated under  
 14 the authority of a license issued pursuant to the Public  
 15 Health Act and is operated without profit by the taxpayer.  
 16 For the purposes of this section, the term "net cost" means  
 17 the cost of operating a child care facility less any amounts  
 18 collected as fees for use of the facility, any federal tax  
 19 credits with respect to the facility or its operation and any  
 20 other payment or reimbursement from any other source other  
 21 than the credit provided by this section.

22 C. Beginning in 2014 and at six-year intervals  
 23 following 2014, the department shall present a report on the  
 24 tax credit provided pursuant to this section to the revenue  
 25 stabilization and tax policy committee for review. The

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1 committee, with the aid of the department and the economic  
2 development department and the children, youth and families  
3 department, shall determine if a need remains for the credit,  
4 if the credit is effectively being used for the purpose for  
5 which it was created and if the use of the credit is cost-  
6 effective. The credit may be proposed for repeal or  
7 amendment if it is found by the committee to be ineffective,  
8 more costly than is warranted by the purpose for which the  
9 credit was proposed or unused or otherwise no longer needed.

10 ~~[G.]~~ D. For the purposes of this section,  
11 "dependent children" means children under twelve years of  
12 age.

13 ~~[D.]~~ E. The credits provided for by Subsections A  
14 and B of this section may only be deducted from the  
15 taxpayer's corporate income tax liability for the taxable  
16 year in which the expenditures occurred. The credit may not  
17 exceed thirty thousand dollars (\$30,000) in any taxable year.  
18 If the credit amount exceeds the corporate income tax  
19 liability, the excess may be carried forward for three  
20 consecutive years; provided that in no event shall the annual  
21 credit amount exceed thirty thousand dollars (\$30,000)."

22 **SECTION 16.** Section 7-2A-17.1 NMSA 1978 (being Laws  
23 2003, Chapter 400, Section 2) is amended to read:

24 "7-2A-17.1. JOB MENTORSHIP TAX CREDIT.--

25 A. To encourage New Mexico businesses to hire

1 youth participating in career preparation education programs,  
2 a taxpayer ~~[who]~~ that files ~~[an individual]~~ a New Mexico  
3 corporate income tax return ~~[who is not a dependent of~~  
4 ~~another individual]~~ and ~~[who]~~ that is an owner of a New  
5 Mexico business may claim a credit in an amount equal to  
6 fifty percent of gross wages paid to qualified students who  
7 are employed by the business during the taxable year for  
8 which the return is filed. The tax credit provided by this  
9 section may be referred to as the "job mentorship tax  
10 credit".

11 B. A taxpayer ~~[who]~~ that is an owner of a New  
12 Mexico business may claim the job mentorship tax credit for  
13 each taxable year in which the business employs one or more  
14 qualified students. The maximum aggregate credit allowable  
15 shall not exceed fifty percent of the gross wages paid to not  
16 more than ten qualified students employed by the business for  
17 up to three hundred twenty hours of employment of each  
18 qualified student in each taxable year for a maximum of three  
19 taxable years for each qualified student. In no event shall  
20 a taxpayer claim a credit in excess of twelve thousand  
21 dollars (\$12,000) in any taxable year. The taxpayer shall  
22 certify that hiring the qualified student does not displace  
23 or replace a current employee.

24 C. The department shall issue job mentorship tax  
25 credit certificates upon request to any accredited New Mexico

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1 secondary school that has a school-sanctioned career  
2 preparation education program. The maximum number of  
3 certificates that may be issued in a school year to any one  
4 school is equal to the number of qualified students in the  
5 school-sanctioned career preparation education program on  
6 October 15 of that school year, as certified by the school  
7 principal.

8 D. A job mentorship tax credit certificate may be  
9 executed by a school principal with respect to a qualified  
10 student, and the executed certificate may be transferred to a  
11 New Mexico business that employs that student. By executing  
12 the certificate with respect to a student, the school  
13 principal certifies that the school has a school-sanctioned  
14 career preparation education program and the student is a  
15 qualified student.

16 E. To claim the job mentorship tax credit, the  
17 taxpayer must submit with respect to each employee for whom  
18 the credit is claimed:

19 (1) a properly executed job mentorship tax  
20 credit certificate;

21 (2) information required by the secretary  
22 with respect to the employee's employment by the business  
23 during the taxable year for which the credit is claimed; and

24 (3) information required by the secretary  
25 that the employee was not also employed in the same taxable

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1 year by another New Mexico business qualifying for and  
 2 claiming a job mentorship tax credit for that employee  
 3 pursuant to this section or the [~~Corporate~~] Income [~~and~~  
 4 ~~Franchise~~] Tax Act.

5 F. The job mentorship tax credit may only be  
 6 deducted from the taxpayer's New Mexico corporate income tax  
 7 liability for the taxable year. Any portion of the maximum  
 8 credit provided by this section that remains unused at the  
 9 end of the taxpayer's taxable year may be carried forward for  
 10 three consecutive taxable years; provided the total credits  
 11 claimed under this section shall not exceed the maximum  
 12 allowable pursuant to Subsection B of this section.

13 [~~G. A husband and wife who file separate returns~~  
 14 ~~for a taxable year in which they could have filed a joint~~  
 15 ~~return may each claim only one-half of the credit that would~~  
 16 ~~have been allowed on a joint return.~~

17 [~~H. A taxpayer who otherwise qualifies for and~~  
 18 ~~claims a job mentorship tax credit for employment of~~  
 19 ~~qualified students by a partnership, limited partnership,~~  
 20 ~~limited liability company, S corporation or other business~~  
 21 ~~association of which the taxpayer is a member may claim a~~  
 22 ~~credit only in proportion to his interest in the partnership,~~  
 23 ~~limited partnership, limited liability company, S corporation~~  
 24 ~~or association. The total credit claimed by all members of~~  
 25 ~~the business shall not exceed the maximum credit allowable~~

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1 ~~pursuant to Subsection B of this section.~~

2 ~~F.]~~ G. Beginning in 2014 and at six-year  
3 intervals following 2014, the department shall present a  
4 report on the job mentorship tax credit provided pursuant to  
5 this section to the revenue stabilization and tax policy  
6 committee for review. The committee, with the aid of the  
7 department and the economic development department, shall  
8 determine if a need remains for the credit, if the credit is  
9 effectively being used for the purpose for which it was  
10 created and if the use of the credit is cost-effective. The  
11 credit may be proposed for repeal or amendment if it is found  
12 by the committee to be ineffective, more costly than is  
13 warranted by the purpose for which the credit was proposed or  
14 unused or otherwise no longer needed.

15 H. As used in this section:

16 (1) "career preparation education program"  
17 means a work-based learning or school-to-career program  
18 designed for secondary school students to create academic and  
19 career goals and objectives and find employment in a job  
20 meeting those goals and objectives;

21 (2) "New Mexico business" means a  
22 ~~[partnership, limited partnership, limited liability company~~  
23 ~~treated as a partnership for federal income tax purposes, S~~  
24 ~~corporation or sole proprietorship]~~ corporation that carries  
25 on a trade or business in New Mexico and that employs in New

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1 Mexico fewer than three hundred full-time employees at any  
2 one time during the taxable year; and

3 (3) "qualified student" means an individual  
4 who is at least fourteen years of age but not more than  
5 twenty-one years of age who is attending full time an  
6 accredited New Mexico secondary school and who is a  
7 participant in a career preparation education program  
8 sanctioned by the secondary school."

9 SECTION 17. Section 7-2A-19 NMSA 1978 (being Laws 2002,  
10 Chapter 59, Section 1, as amended) is amended to read:

11 "7-2A-19. RENEWABLE ENERGY PRODUCTION TAX CREDIT--  
12 LIMITATIONS--DEFINITIONS--CLAIMING THE CREDIT.--

13 A. The tax credit provided in this section may be  
14 referred to as the "renewable energy production tax credit".  
15 The tax credit provided in this section may not be claimed  
16 with respect to the same electricity production for which the  
17 renewable energy production tax credit provided in the Income  
18 Tax Act has been claimed.

19 B. A person is eligible for the renewable energy  
20 production tax credit if the person:

21 (1) holds title to a qualified energy  
22 generator that first produced electricity on or before  
23 January 1, 2018; or

24 (2) leases property upon which a qualified  
25 energy generator operates from a county or municipality under

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1 authority of an industrial revenue bond and if the qualified  
2 energy generator first produced electricity on or before  
3 January 1, 2018.

4 C. The amount of the tax credit shall equal one  
5 cent (\$.01) per kilowatt-hour of the first four hundred  
6 thousand megawatt-hours of electricity produced by the  
7 qualified energy generator in the taxable year using a wind-  
8 or biomass-derived qualified energy resource, provided that  
9 the total amount of tax credits claimed by all taxpayers for  
10 a single qualified energy generator in a taxable year using a  
11 wind- or biomass-derived qualified energy resource shall not  
12 exceed one cent (\$.01) per kilowatt-hour of the first four  
13 hundred thousand megawatt-hours of electricity produced by  
14 the qualified energy generator.

15 D. The amount of the tax credit for electricity  
16 produced by a qualified energy generator in the taxable year  
17 using a solar-light-derived or solar-heat-derived qualified  
18 energy resource shall be at the amounts specified in  
19 Paragraphs (1) through (10) of this subsection; provided that  
20 the total amount of tax credits claimed for a taxable year by  
21 all taxpayers for a single qualified energy generator using a  
22 solar-light-derived or solar-heat-derived qualified energy  
23 resource shall be limited to the first two hundred thousand  
24 megawatt-hours of electricity produced by the qualified  
25 energy generator in the taxable year:

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1                   (1) one and one-half cents (\$.015) per  
2 kilowatt-hour in the first taxable year in which the  
3 qualified energy generator produces electricity using a  
4 solar-light-derived or solar-heat-derived qualified energy  
5 resource;

6                   (2) two cents (\$.02) per kilowatt-hour in  
7 the second taxable year in which the qualified energy  
8 generator produces electricity using a solar-light-derived or  
9 solar-heat-derived qualified energy resource;

10                   (3) two and one-half cents (\$.025) per  
11 kilowatt-hour in the third taxable year in which the  
12 qualified energy generator produces electricity using a  
13 solar-light-derived or solar-heat-derived qualified energy  
14 resource;

15                   (4) three cents (\$.03) per kilowatt-hour in  
16 the fourth taxable year in which the qualified energy  
17 generator produces electricity using a solar-light-derived or  
18 solar-heat-derived qualified energy resource;

19                   (5) three and one-half cents (\$.035) per  
20 kilowatt-hour in the fifth taxable year in which the  
21 qualified energy generator produces electricity using a  
22 solar-light-derived or solar-heat-derived qualified energy  
23 resource;

24                   (6) four cents (\$.04) per kilowatt-hour in  
25 the sixth taxable year in which the qualified energy

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1 generator produces electricity using a solar-light-derived or  
2 solar-heat-derived qualified energy resource;

3 (7) three and one-half cents (\$.035) per  
4 kilowatt-hour in the seventh taxable year in which the  
5 qualified energy generator produces electricity using a  
6 solar-light-derived or solar-heat-derived qualified energy  
7 resource;

8 (8) three cents (\$.03) per kilowatt-hour in  
9 the eighth taxable year in which the qualified energy  
10 generator produces electricity using a solar-light-derived or  
11 solar-heat-derived qualified energy resource;

12 (9) two and one-half cents (\$.025) per  
13 kilowatt-hour in the ninth taxable year in which the  
14 qualified energy generator produces electricity using a  
15 solar-light-derived or solar-heat-derived qualified energy  
16 resource; and

17 (10) two cents (\$.02) per kilowatt-hour in  
18 the tenth taxable year in which the qualified energy  
19 generator produces electricity using a solar-light-derived or  
20 solar-heat-derived qualified energy resource.

21 E. A taxpayer eligible for a renewable energy  
22 production tax credit pursuant to Subsection B of this  
23 section shall be eligible for the renewable energy production  
24 tax credit for ten consecutive years, beginning on the date  
25 the qualified energy generator begins producing electricity.

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1 F. As used in this section:

2 (1) "biomass" means organic material that is  
3 available on a renewable or recurring basis, including:

4 (a) forest-related materials,  
5 including mill residues, logging residues, forest thinnings,  
6 slash, brush, low-commercial value materials or undesirable  
7 species, salt cedar and other phreatophyte or woody  
8 vegetation removed from river basins or watersheds and woody  
9 material harvested for the purpose of forest fire fuel  
10 reduction or forest health and watershed improvement;

11 (b) agricultural-related materials,  
12 including orchard trees, vineyard, grain or crop residues,  
13 including straws and stover, aquatic plants and agricultural  
14 processed co-products and waste products, including fats,  
15 oils, greases, whey and lactose;

16 (c) animal waste, including manure and  
17 slaughterhouse and other processing waste;

18 (d) solid woody waste materials,  
19 including landscape or right-of-way tree trimmings, rangeland  
20 maintenance residues, waste pallets, crates and  
21 manufacturing, construction and demolition wood wastes,  
22 excluding pressure-treated, chemically treated or painted  
23 wood wastes and wood contaminated with plastic;

24 (e) crops and trees planted for the  
25 purpose of being used to produce energy;

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1 (f) landfill gas, wastewater treatment  
2 gas and biosolids, including organic waste byproducts  
3 generated during the wastewater treatment process; and

4 (g) segregated municipal solid waste,  
5 excluding tires and medical and hazardous waste;

6 (2) "qualified energy generator" means a  
7 facility with at least one megawatt generating capacity  
8 located in New Mexico that produces electricity using a  
9 qualified energy resource and that sells that electricity to  
10 an unrelated person; and

11 (3) "qualified energy resource" means a  
12 resource that generates electrical energy by means of a  
13 fluidized bed technology or similar low-emissions technology  
14 or a zero-emissions generation technology that has  
15 substantial long-term production potential and that uses only  
16 the following energy sources:

17 (a) solar light;

18 (b) solar heat;

19 (c) wind; or

20 (d) biomass.

21 G. A person that holds title to a facility  
22 generating electricity from a qualified energy resource or a  
23 person that leases such a facility from a county or  
24 municipality pursuant to an industrial revenue bond may  
25 request certification of eligibility for the renewable energy

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1 production tax credit from the energy, minerals and natural  
2 resources department, which shall determine if the facility  
3 is a qualified energy generator. The energy, minerals and  
4 natural resources department may certify the eligibility of  
5 an energy generator only if the total amount of electricity  
6 that may be produced annually by all qualified energy  
7 generators that are certified pursuant to this section and  
8 pursuant to the Income Tax Act will not exceed a total of two  
9 million megawatt-hours plus an additional five hundred  
10 thousand megawatt-hours produced by qualified energy  
11 generators using a solar-light-derived or solar-heat-derived  
12 qualified energy resource. Applications shall be considered  
13 in the order received. The energy, minerals and natural  
14 resources department may estimate the annual power-generating  
15 potential of a generating facility for the purposes of this  
16 section. The energy, minerals and natural resources  
17 department shall issue a certificate to the applicant stating  
18 whether the facility is an eligible qualified energy  
19 generator and the estimated annual production potential of  
20 the generating facility, which shall be the limit of that  
21 facility's energy production eligible for the tax credit for  
22 the taxable year. The energy, minerals and natural resources  
23 department may issue rules governing the procedure for  
24 administering the provisions of this subsection and shall  
25 report annually to the appropriate interim legislative

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1 committee information that will allow the legislative  
2 committee to analyze the effectiveness of the renewable  
3 energy production tax credit, including the identity of  
4 qualified energy generators, the energy production means  
5 used, the amount of energy produced by those qualified energy  
6 generators and whether any applications could not be approved  
7 due to program limits.

8 H. A taxpayer may be allocated all or a portion  
9 of the right to claim a renewable energy production tax  
10 credit without regard to proportional ownership interest if:

11 (1) the taxpayer owns an interest in a  
12 business entity that is taxed for federal income tax purposes  
13 as a partnership;

14 (2) the business entity:  
15 (a) would qualify for the renewable  
16 energy production tax credit pursuant to Paragraph (1) or (2)  
17 of Subsection B of this section;

18 (b) owns an interest in a business  
19 entity that is also taxed for federal income tax purposes as  
20 a partnership and that would qualify for the renewable energy  
21 production tax credit pursuant to Paragraph (1) or (2) of  
22 Subsection B of this section; or

23 (c) owns, through one or more  
24 intermediate business entities that are each taxed for  
25 federal income tax purposes as a partnership, an interest in

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1 the business entity described in Subparagraph (b) of this  
2 paragraph;

3 (3) the taxpayer and all other taxpayers  
4 allocated a right to claim the renewable energy production  
5 tax credit pursuant to this subsection own collectively at  
6 least a five percent interest in a qualified energy  
7 generator;

8 (4) the business entity provides notice of  
9 the allocation and the taxpayer's interest to the energy,  
10 minerals and natural resources department on forms prescribed  
11 by that department; and

12 (5) the energy, minerals and natural  
13 resources department certifies the allocation in writing to  
14 the taxpayer.

15 I. Upon receipt of notice of an allocation of the  
16 right to claim all or a portion of the renewable energy  
17 production tax credit, the energy, minerals and natural  
18 resources department shall promptly certify the allocation in  
19 writing to the recipient of the allocation.

20 J. A taxpayer may claim the renewable energy  
21 production tax credit by submitting to the taxation and  
22 revenue department the certificate issued by the energy,  
23 minerals and natural resources department, pursuant to  
24 Subsection G or H of this section, documentation showing the  
25 taxpayer's interest in the facility, documentation of the

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1 amount of electricity produced by the facility in the taxable  
2 year and any other information the taxation and revenue  
3 department may require to determine the amount of the tax  
4 credit due the taxpayer.

5 K. If the requirements of this section have been  
6 complied with, the department shall approve the renewable  
7 energy production tax credit. The credit may be deducted  
8 from a taxpayer's New Mexico corporate income tax liability  
9 for the taxable year for which the credit is claimed. If the  
10 amount of tax credit exceeds the taxpayer's corporate income  
11 tax liability for the taxable year:

12 (1) the excess may be carried forward for a  
13 period of five taxable years; or

14 (2) if the tax credit was issued with  
15 respect to a qualified energy generator that first produced  
16 electricity using a qualified energy resource on or after  
17 October 1, 2007, the excess shall be refunded to the  
18 taxpayer.

19 L. Once a taxpayer has been granted a renewable  
20 energy production tax credit for a given facility, that  
21 taxpayer shall be allowed to retain the facility's original  
22 date of application for tax credits for that facility until  
23 either the facility goes out of production for more than six  
24 consecutive months in a year or until the facility's ten-year  
25 eligibility has expired.

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1           M. Beginning in 2014 and at six-year intervals  
 2 following 2014, the department shall present a report on the  
 3 renewable energy production tax credit to the revenue  
 4 stabilization and tax policy committee for review. The  
 5 committee, with the aid of the department and the energy,  
 6 minerals and natural resources department, shall determine if  
 7 a need remains for the credit, if the credit is effectively  
 8 being used for the purpose for which it was created and if  
 9 the use of the credit is cost-effective. The credit may be  
 10 proposed for repeal or amendment if it is found by the  
 11 committee to be ineffective, more costly than is warranted by  
 12 the purpose for which the credit was proposed or unused or  
 13 otherwise no longer needed."

14           SECTION 18. Section 7-2A-21 NMSA 1978 (being Laws 2007,  
 15 Chapter 204, Section 4, as amended) is amended to read:

16           "7-2A-21. SUSTAINABLE BUILDING TAX CREDIT.--

17           A. The tax credit provided by this section may be  
 18 referred to as the "sustainable building tax credit". The  
 19 sustainable building tax credit shall be available for the  
 20 construction in New Mexico of a sustainable building, the  
 21 renovation of an existing building in New Mexico into a  
 22 sustainable building or the permanent installation of  
 23 manufactured housing, regardless of where the housing is  
 24 manufactured, that is a sustainable building. The tax credit  
 25 provided in this section may not be claimed with respect to

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1 the same sustainable building for which the sustainable  
2 building tax credit provided in the Income Tax Act has been  
3 claimed.

4 B. A taxpayer that files a corporate income tax  
5 return is eligible to be granted a sustainable building tax  
6 credit by the department if the taxpayer submits a document  
7 issued pursuant to Subsection I of this section with the  
8 taxpayer's corporate income tax return.

9 C. The amount of the sustainable building tax  
10 credit that may be claimed with respect to a sustainable  
11 commercial building shall be calculated based on the  
12 certification level the building has achieved in the LEED  
13 green building rating system and the amount of qualified  
14 occupied square footage in the building, as indicated on the  
15 following chart:

16	LEED Rating Level	Qualified	Tax Credit per
17		Occupied	Square Foot
18		<u>Square Footage</u>	
19	LEED-NC Silver	First 10,000	\$3.50
20		Next 40,000	\$1.75
21		Over 50,000	
22		up to 500,000	\$ .70
23	LEED-NC Gold	First 10,000	\$4.75
24		Next 40,000	\$2.00
25		Over 50,000	

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underscored material = new  
[bracketed material] = delete

1		up to 500,000	\$1.00
2	LEED-NC Platinum	First 10,000	\$6.25
3		Next 40,000	\$3.25
4		Over 50,000	
5		up to 500,000	\$2.00
6	LEED-EB or CS Silver	First 10,000	\$2.50
7		Next 40,000	\$1.25
8		Over 50,000	
9		up to 500,000	\$ .50
10	LEED-EB or CS Gold	First 10,000	\$3.35
11		Next 40,000	\$1.40
12		Over 50,000	
13		up to 500,000	\$ .70
14	LEED-EB or CS		
15	Platinum	First 10,000	\$4.40
16		Next 40,000	\$2.30
17		Over 50,000	
18		up to 500,000	\$1.40
19	LEED-CI Silver	First 10,000	\$1.40
20		Next 40,000	\$ .70
21		Over 50,000	
22		up to 500,000	\$ .30
23	LEED-CI Gold	First 10,000	\$1.90
24		Next 40,000	\$ .80
25		Over 50,000	

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1		up to 500,000	\$ .40
2	LEED-CI Platinum	First 10,000	\$2.50
3		Next 40,000	\$1.30
4		Over 50,000	
5		up to 500,000	\$ .80.

6 D. The amount of the sustainable building tax  
 7 credit that may be claimed with respect to a sustainable  
 8 residential building shall be calculated based on the amount  
 9 of qualified occupied square footage, as indicated on the  
 10 following chart:

11	Rating System/Level	Qualified	Tax Credit
12		Occupied	per Square
13		Square Footage	Foot
14	LEED-H Silver or Build	First 2,000	\$5.00
15	Green NM Silver	Next 1,000	\$2.50
16	LEED-H Gold or Build	First 2,000	\$6.85
17	Green NM Gold	Next 1,000	\$3.40
18	LEED-H Platinum or Build	First 2,000	\$9.00
19	Green NM Emerald	Next 1,000	\$4.45
20	EPA ENERGY STAR		
21	Manufactured Housing	Up to 3,000	\$3.00.

22 E. A person that is a building owner may apply  
 23 for a certificate of eligibility for the sustainable  
 24 building tax credit from the energy, minerals and natural  
 25 resources department after the construction, installation or

underscored material = new  
 [bracketed material] = delete

1 renovation of the sustainable building is complete.  
2 Applications shall be considered in the order received. If  
3 the energy, minerals and natural resources department  
4 determines that the building owner meets the requirements of  
5 this subsection and that the building with respect to which  
6 the tax credit application is made meets the requirements of  
7 this section as a sustainable residential building or a  
8 sustainable commercial building, the energy, minerals and  
9 natural resources department may issue a certificate of  
10 eligibility to the building owner, subject to the limitation  
11 in Subsection F of this section. The certificate shall  
12 include the rating system certification level awarded to the  
13 building, the amount of qualified occupied square footage in  
14 the building and a calculation of the maximum amount of  
15 sustainable building tax credit for which the building owner  
16 would be eligible. The energy, minerals and natural  
17 resources department may issue rules governing the procedure  
18 for administering the provisions of this subsection. If the  
19 certification level for the sustainable residential building  
20 is awarded on or after January 1, 2007, the energy, minerals  
21 and natural resources department may issue a certificate of  
22 eligibility to a building owner who is:

23 (1) the owner of the sustainable residential  
24 building at the time the certification level for the building  
25 is awarded; or

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1                   (2) the subsequent purchaser of a  
2 sustainable residential building with respect to which no tax  
3 credit has been previously claimed.

4                   F. The energy, minerals and natural resources  
5 department may issue a certificate of eligibility only if the  
6 total amount of sustainable building tax credits represented  
7 by certificates of eligibility issued by the energy, minerals  
8 and natural resources department pursuant to this section and  
9 pursuant to the Income Tax Act shall not exceed in any  
10 calendar year an aggregate amount of five million dollars  
11 (\$5,000,000) with respect to sustainable commercial buildings  
12 and an aggregate amount of five million dollars (\$5,000,000)  
13 with respect to sustainable residential buildings; provided  
14 that no more than one million two hundred fifty thousand  
15 dollars (\$1,250,000) of the aggregate amount with respect to  
16 sustainable residential buildings shall be for manufactured  
17 housing. If for any taxable year, the energy, minerals and  
18 natural resources department determines that the applications  
19 for sustainable building tax credits with respect to  
20 sustainable residential buildings for that taxable year  
21 exceed the aggregate limit set in this section, the energy,  
22 minerals and natural resources department may issue  
23 certificates of eligibility under the aggregate annual limit  
24 for sustainable commercial buildings to building owners of  
25 multifamily dwelling units that meet the requirements of the

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underscored material = new  
~~[bracketed material] = delete~~

1 energy, minerals and natural resources department and of this  
2 section; provided that applications for sustainable building  
3 credits for other sustainable commercial buildings total less  
4 than the full amount allocated for tax credits for  
5 sustainable commercial buildings.

6 G. Installation of a solar thermal system or a  
7 photovoltaic system eligible for the solar market development  
8 tax credit pursuant to Section 7-2-18.14 NMSA 1978 may not be  
9 used as a component of qualification for the rating system  
10 certification level used in determining eligibility for the  
11 sustainable building tax credit, unless a solar market  
12 development tax credit pursuant to Section 7-2-18.14 NMSA  
13 1978 has not been claimed with respect to that system and the  
14 building owner and the taxpayer claiming the sustainable  
15 building tax credit certify that such a tax credit will not  
16 be claimed with respect to that system.

17 H. To be eligible for the sustainable building  
18 tax credit, the building owner shall provide to the taxation  
19 and revenue department a certificate of eligibility issued by  
20 the energy, minerals and natural resources department  
21 pursuant to the requirements of Subsection E of this section  
22 and any other information the taxation and revenue department  
23 may require to determine the amount of the tax credit for  
24 which the building owner is eligible.

25 I. If the requirements of this section have been

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1 complied with, the department shall issue to the building  
2 owner a document granting a sustainable building tax credit.  
3 The document shall be numbered for identification and declare  
4 its date of issuance and the amount of the tax credit allowed  
5 pursuant to this section. The document may be submitted by  
6 the building owner with that taxpayer's income tax return, if  
7 applicable, or may be sold, exchanged or otherwise  
8 transferred to another taxpayer. The parties to such a  
9 transaction shall notify the department of the sale, exchange  
10 or transfer within ten days of the sale, exchange or  
11 transfer.

12 J. Except as provided in Subsection K of this  
13 section, the sustainable building tax credit represented by  
14 the document issued pursuant to Subsection I of this section  
15 shall be applied against the taxpayer's corporate income tax  
16 liability for the taxable year for which the credit is  
17 approved and the three subsequent taxable years, in  
18 increments of twenty-five percent of the total credit amount  
19 in each of the four taxable years. If the amount of the  
20 credit available in a taxable year exceeds the taxpayer's  
21 corporate income tax liability for that taxable year, the  
22 excess may be carried forward for up to seven years.

23 K. If the total amount of a sustainable building  
24 tax credit approved by the department is less than  
25 twenty-five thousand dollars (\$25,000), the entire amount of

1 the credit may be applied against the taxpayer's corporate  
2 income tax liability for the taxable year for which the  
3 credit is approved. If the amount of the credit exceeds the  
4 taxpayer's corporate income tax liability for that taxable  
5 year, the excess may be carried forward for up to seven  
6 years.

7 L. A taxpayer that otherwise qualifies and claims  
8 a sustainable building tax credit with respect to a  
9 sustainable building owned by a partnership or other business  
10 association of which the taxpayer is a member may claim a  
11 credit only in proportion to that taxpayer's interest in the  
12 partnership or association. The total credit claimed in the  
13 aggregate by all members of the partnership or association  
14 with respect to the sustainable building shall not exceed the  
15 amount of the credit that could have been claimed by a sole  
16 owner of the property.

17 M. Beginning in 2014 and at six-year intervals  
18 following 2014, the department shall present a report on the  
19 sustainable building tax credit to the revenue stabilization  
20 and tax policy committee for review. The committee, with the  
21 aid of the department and the energy, minerals and natural  
22 resources department, shall determine if a need remains for  
23 the credit, if the credit is effectively being used for the  
24 purpose for which it was created and if the use of the credit  
25 is cost-effective. The credit may be proposed for repeal or

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1 amendment if it is found by the committee to be ineffective,  
2 more costly than is warranted by the purpose for which the  
3 credit was proposed or unused or otherwise no longer needed.

4 [M.] N. For the purposes of this section:

5 (1) "build green New Mexico rating system"  
6 means the certification standards adopted by the homebuilders  
7 association of central New Mexico;

8 (2) "LEED-CI" means the LEED rating system  
9 for commercial interiors;

10 (3) "LEED-CS" means the LEED rating system  
11 for the core and shell of buildings;

12 (4) "LEED-EB" means the LEED rating system  
13 for existing buildings;

14 (5) "LEED gold" means the rating in  
15 compliance with, or exceeding, the second-highest rating  
16 awarded by the LEED certification process;

17 (6) "LEED" means the most current leadership  
18 in energy and environmental design green building rating  
19 system guidelines developed and adopted by the United States  
20 green building council;

21 (7) "LEED-H" means the LEED rating system  
22 for homes;

23 (8) "LEED-NC" means the LEED rating system  
24 for new buildings and major renovations;

25 (9) "LEED platinum" means the rating in

1 compliance with, or exceeding, the highest rating awarded by  
2 the LEED certification process;

3 (10) "LEED silver" means the rating in  
4 compliance with, or exceeding, the third-highest rating  
5 awarded by the LEED certification process;

6 (11) "manufactured housing" means a  
7 multisectioned home that is:

8 (a) a manufactured home or modular  
9 home;

10 (b) a single-family dwelling with a  
11 heated area of at least thirty-six feet by twenty-four feet  
12 and a total area of at least eight hundred sixty-four square  
13 feet;

14 (c) constructed in a factory to the  
15 standards of the United States department of housing and  
16 urban development, the National Manufactured Housing  
17 Construction and Safety Standards Act of 1974 and the Housing  
18 and Urban Development Zone Code 2 or New Mexico construction  
19 codes up to the date of the unit's construction; and

20 (d) installed consistent with the  
21 Manufactured Housing Act and rules adopted pursuant to that  
22 act relating to permanent foundations;

23 (12) "qualified occupied square footage"  
24 means the occupied spaces of the building as determined by:

25 (a) the United States green building

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1 council for those buildings obtaining LEED certification;

2 (b) the administrators of the build  
3 green New Mexico rating system for those homes obtaining  
4 build green New Mexico certification; and

5 (c) the United States environmental  
6 protection agency for ENERGY STAR-certified manufactured  
7 homes;

8 (13) "person" does not include state, local  
9 government, public school district or tribal agencies;

10 (14) "sustainable building" means either a  
11 sustainable commercial building or a sustainable residential  
12 building;

13 (15) "sustainable commercial building" means  
14 a building that has been registered and certified under the  
15 LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system and that:

16 (a) is certified by the United States  
17 green building council at LEED silver or higher;

18 (b) achieves any prerequisite for and  
19 at least one point related to commissioning under LEED  
20 "energy and atmosphere", if included in the applicable rating  
21 system; and

22 (c) has reduced energy consumption, as  
23 follows: 1) through 2011, a fifty percent energy reduction  
24 will be required based on the national average for that  
25 building type as published by the United States department of

1 energy; and beginning January 1, 2012, a sixty percent energy  
2 reduction will be required based on the national average for  
3 that building type as published by the United States  
4 department of energy; and 2) is substantiated by the United  
5 States environmental protection agency target finder energy  
6 performance results form, dated no sooner than the schematic  
7 design phase of development;

8 (16) "sustainable residential building"

9 means:

10 (a) a building used as a single-family  
11 residence as registered and certified under the build green  
12 New Mexico or LEED-H rating systems that: 1) is certified by  
13 the United States green building council as LEED-H silver or  
14 higher or by build green New Mexico as silver or higher; and  
15 2) has achieved a home energy rating system index of sixty or  
16 lower as developed by the residential energy services  
17 network;

18 (b) a multifamily dwelling unit, as  
19 registered and certified under the LEED-H or build green New  
20 Mexico rating system that: 1) is certified by the United  
21 States green building council as LEED-H silver or higher or  
22 by build green New Mexico as silver or higher; and 2) has  
23 achieved a home energy rating system index of sixty or lower  
24 as developed by the residential energy services network; or

25 (c) manufactured housing that is

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1 ENERGY STAR-qualified by the United States environmental  
2 protection agency; and

3 (17) "tribal" means of, belonging to or  
4 created by a federally recognized Indian nation, tribe or  
5 pueblo."

6 SECTION 19. Section 7-2A-23 NMSA 1978 (being Laws 2007,  
7 Chapter 204, Section 8) is amended to read:

8 "7-2A-23. CREDIT--BLENDED BIODIESEL FUEL.--

9 A. A taxpayer that is liable for payment of the  
10 special fuel excise tax pursuant to Subsections A through D  
11 of Section 7-16A-2.1 NMSA 1978 and that files a New Mexico  
12 corporate income tax return is eligible to claim a credit  
13 against corporate income tax liability for each gallon of  
14 blended biodiesel fuel on which that person paid the special  
15 fuel excise tax in the taxable year or who would have paid  
16 the special fuel excise tax in the taxable year but for the  
17 deductions allowed pursuant to Subsections B through F of  
18 Section 7-16A-10 NMSA 1978 or the treaty exemption for north  
19 Atlantic treaty organization use. The credit shall be in the  
20 following amounts for the following periods:

21 (1) from January 1, 2007 until December 31,  
22 2010, at a rate of three cents (\$.03) per gallon;

23 (2) from January 1, 2011 until December 31,  
24 2011, at a rate of two cents (\$.02) per gallon; and

25 (3) from January 1, 2012 until December 31,

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1 2012, at a rate of one cent (\$.01) per gallon.

2 B. The tax credit provided by this section may  
3 not be claimed with respect to the same blended biodiesel  
4 fuel for which a credit has been claimed pursuant to the  
5 Income Tax Act or for which a credit or refund has been  
6 claimed pursuant to Section 7-16A-13 NMSA 1978.

7 C. A taxpayer that otherwise qualifies for and  
8 claims a credit pursuant to this section for blended  
9 biodiesel fuel on which special fuel excise tax has been paid  
10 by a partnership or other business association of which the  
11 taxpayer is a member may claim a credit only in proportion to  
12 the taxpayer's interest in the partnership or business  
13 association. The total credit claimed in the aggregate by  
14 all members of the partnership or business association shall  
15 not exceed the amount of credit allowed pursuant to  
16 Subsection A of this section.

17 D. The tax credit provided by this section may  
18 only be applied against the corporate income tax liability of  
19 the person that paid the special fuel excise tax on the  
20 blended biodiesel fuel with respect to which the credit is  
21 provided or that would have paid the special fuel excise tax  
22 but for the deductions allowed pursuant to Subsections B  
23 through F of Section 7-16A-10 NMSA 1978 or the treaty  
24 exemption for north Atlantic treaty organization use. If the  
25 credit exceeds the person's corporate income tax liability

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1 for the taxable year in which the credit is granted, the  
2 credit may be carried forward for five years.

3 E. A taxpayer claiming a credit pursuant to this  
4 section shall provide documentation of eligibility in form  
5 and content as determined by the department.

6 F. Beginning in 2014 and at six-year intervals  
7 following 2014, the department shall present a report on the  
8 tax credit provided pursuant to this section to the revenue  
9 stabilization and tax policy committee for review. The  
10 committee, with the aid of the department and the energy,  
11 minerals and natural resources department, shall determine if  
12 a need remains for the credit, if the credit is effectively  
13 being used for the purpose for which it was created and if  
14 the use of the credit is cost-effective. The credit may be  
15 proposed for repeal or amendment if it is found by the  
16 committee to be ineffective, more costly than is warranted by  
17 the purpose for which the credit was proposed or unused or  
18 otherwise no longer needed.

19 [~~F.~~] G. For the purposes of this section:

20 (1) "biodiesel" means renewable,  
21 biodegradable, monoalkyl ester combustible liquid fuel that  
22 is derived from agricultural plant oils or animal fats and  
23 that meets American society for testing and materials D 6751  
24 standard specification for biodiesel B100 blend stock for  
25 distillate fuels;

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1 (2) "blended biodiesel fuel" means a diesel  
2 fuel that contains at least two percent biodiesel; and

3 (3) "diesel fuel" means any diesel-engine  
4 fuel used for the generation of power to propel a motor  
5 vehicle."

6 SECTION 20. Section 7-2A-24 NMSA 1978 (being Laws 2009,  
7 Chapter 271, Section 2) is amended to read:

8 "7-2A-24. GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX  
9 CREDIT.--

10 A. A taxpayer that files a New Mexico corporate  
11 income tax return for a taxable year beginning on or after  
12 January 1, 2010 and that purchases and installs after January  
13 1, 2010 but before December 31, 2020 a geothermal ground-  
14 coupled heat pump in a property owned by the taxpayer may  
15 claim against the taxpayer's corporate income tax liability,  
16 and the department may allow, a tax credit of up to thirty  
17 percent of the purchase and installation costs of the system.  
18 The credit provided in this section may be referred to as the  
19 "geothermal ground-coupled heat pump tax credit". The total  
20 geothermal ground-coupled heat pump tax credit allowed to a  
21 taxpayer shall not exceed nine thousand dollars (\$9,000).  
22 The department shall allow a geothermal ground-coupled heat  
23 pump tax credit only for geothermal ground-coupled heat pumps  
24 certified by the energy, minerals and natural resources  
25 department.

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1           B. A portion of the geothermal ground-coupled  
2 heat pump tax credit that remains unused in a taxable year  
3 may be carried forward for a maximum of ten consecutive  
4 taxable years following the taxable year in which the credit  
5 originates until the credit is fully expended.

6           C. Prior to July 1, 2010, the energy, minerals  
7 and natural resources department shall adopt rules  
8 establishing procedures to provide certification of  
9 geothermal ground-coupled heat pumps for purposes of  
10 obtaining a geothermal ground-coupled heat pump tax credit.  
11 The rules shall address technical specifications and  
12 requirements relating to safety, building code and standards  
13 compliance, minimum system sizes, system applications and  
14 lists of eligible components. The energy, minerals and  
15 natural resources department may modify the specifications  
16 and requirements as necessary to maintain a high level of  
17 system quality and performance.

18           D. The department may allow a maximum annual  
19 aggregate of two million dollars (\$2,000,000) in geothermal  
20 ground-coupled heat pump tax credits. Applications for the  
21 credit shall be considered in the order received by the  
22 department.

23           E. Beginning in 2014 and at six-year intervals  
24 following 2014, the department shall present a report on the  
25 geothermal ground-coupled heat pump tax credit to the revenue

1 stabilization and tax policy committee for review. The  
 2 committee, with the aid of the department and the energy,  
 3 minerals and natural resources department, shall determine if  
 4 a need remains for the credit, if the credit is effectively  
 5 being used for the purpose for which it was created and if  
 6 the use of the credit is cost-effective. The credit may be  
 7 proposed for repeal or amendment if it is found by the  
 8 committee to be ineffective, more costly than is warranted by  
 9 the purpose for which the credit was proposed or unused or  
 10 otherwise no longer needed.

11 ~~[E-]~~ F. As used in this section, "geothermal  
 12 ground-coupled heat pump" means a reversible refrigerator  
 13 device that provides space heating, space cooling, domestic  
 14 hot water, processed hot water, processed chilled water or  
 15 any other application where hot air, cool air, hot water or  
 16 chilled water is required and that utilizes ground water or  
 17 water circulating through pipes buried in the ground as a  
 18 condenser in the cooling mode and an evaporator in the  
 19 heating mode."

20 **SECTION 21.** Section 7-2E-1.1 NMSA 1978 (being Laws  
 21 2007, Chapter 172, Section 2) is amended to read:

22 "7-2E-1.1. TAX CREDIT--RURAL JOB TAX CREDIT.--

23 A. The tax credit created by this section may be  
 24 referred to as the "rural job tax credit". Every eligible  
 25 employer may apply for, and the taxation and revenue

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1 department may allow, a tax credit for each qualifying job  
2 the employer creates. The maximum tax credit amount with  
3 respect to each qualifying job is equal to:

4 (1) twenty-five percent of the first sixteen  
5 thousand dollars (\$16,000) in wages paid for the qualifying  
6 job if the job is performed or based at a location in a tier  
7 one area; or

8 (2) twelve and one-half percent of the first  
9 sixteen thousand dollars (\$16,000) in wages paid if the  
10 qualifying job is performed or based at a location in a tier  
11 two area.

12 B. The amount of the rural job tax credit shall  
13 be six and one-fourth percent of the first sixteen thousand  
14 dollars (\$16,000) in wages paid for the qualifying job in a  
15 qualifying period. The rural job tax credit may be claimed  
16 for each qualifying job for a maximum of:

17 (1) four qualifying periods for each  
18 qualifying job performed or based at a location in a tier one  
19 area; and

20 (2) two qualifying periods for each  
21 qualifying job performed or based at a location in a tier two  
22 area.

23 C. With respect to each qualifying job for which  
24 an eligible employer seeks the rural job tax credit, the  
25 employer shall certify the amount of wages paid to each

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1 eligible employee during each qualifying period, the number  
2 of weeks during the qualifying period the position was  
3 occupied and whether the qualifying job was in a tier one or  
4 tier two area.

5 D. The economic development department shall  
6 determine which employers are eligible employers and shall  
7 report the listing of eligible businesses to the taxation and  
8 revenue department in a manner and at times the departments  
9 shall agree upon.

10 E. To receive a rural job tax credit with respect  
11 to any qualifying period, an eligible employer must apply to  
12 the taxation and revenue department on forms and in the  
13 manner the department may prescribe. The application shall  
14 include a certification made pursuant to Subsection C of this  
15 section. If all the requirements of this section have been  
16 complied with, the taxation and revenue department may issue  
17 to the applicant a document granting a tax credit for the  
18 appropriate qualifying period. The tax credit document shall  
19 be numbered for identification and declare its date of  
20 issuance and the amount of rural job tax credit allowed for  
21 the respective jobs created. The tax credit documents may be  
22 sold, exchanged or otherwise transferred and may be carried  
23 forward for a period of three years from the date of  
24 issuance. The parties to such a transaction to sell,  
25 exchange or transfer a rural job tax credit document shall

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1 notify the department of the transaction within ten days of  
2 the sale, exchange or transfer.

3 F. The holder of the tax credit document may  
4 apply all or a portion of the rural job tax credit granted by  
5 the document against the holder's modified combined tax  
6 liability, personal income tax liability or corporate income  
7 tax liability. Any balance of rural job tax credit granted  
8 by the document may be carried forward for up to three years  
9 from the date of issuance of the tax credit document. No  
10 amount of rural job tax credit may be applied against a gross  
11 receipts tax imposed by a municipality or county.

12 G. Notwithstanding the provisions of Section  
13 7-1-8 NMSA 1978, the taxation and revenue department may  
14 disclose to any person the balance of rural job tax credit  
15 remaining on any tax credit document and the balance of  
16 credit remaining on that document for any period.

17 ~~[H. The secretary of economic development, the~~  
18 ~~secretary of taxation and revenue and the secretary of labor~~  
19 ~~or their designees shall annually evaluate the effectiveness~~  
20 ~~of the rural job tax credit in stimulating economic~~  
21 ~~development in the rural areas of New Mexico and make a joint~~  
22 ~~report of their findings to each session of the legislature~~  
23 ~~so long as the rural job tax credit is in effect.]~~

24 H. A taxpayer allowed a credit by the department  
25 pursuant to this section shall report annually by June 30 on

1 the activities of the taxpayer in the preceding calendar year  
2 to the department on a form developed by the department to  
3 obtain information necessary to analyze the effectiveness of  
4 the credit, determine if the credit is being used for the  
5 purpose for which it was created and assess whether the  
6 credit is cost-effective.

7 I. An eligible employer that creates a qualifying  
8 job in the period beginning on or after July 1, 2006 but  
9 before July 1, 2007 or creates a qualifying job, the  
10 qualifying period of which includes a part of the period  
11 between July 1, 2006 and July 1, 2007, for which the eligible  
12 employer has not received a rural job tax credit document  
13 pursuant to this section may submit an application for, and  
14 the department may issue to the eligible employer applying, a  
15 document granting a tax credit for the appropriate qualifying  
16 period. Claims for a rural job tax credit submitted pursuant  
17 to the provisions of this subsection shall be submitted  
18 within three years from the date of issuance of the rural job  
19 tax credit document.

20 J. Beginning in 2014 and at six-year intervals  
21 following 2014, the taxation and revenue department shall  
22 present a report on the rural job tax credit to the revenue  
23 stabilization and tax policy committee for review. The  
24 committee, with the aid of the taxation and revenue  
25 department, the workforce solutions department and the

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1 economic development department, shall determine if a need  
2 remains for the credit, if the credit is effectively being  
3 used for the purpose for which it was created and if the use  
4 of the credit is cost-effective. The credit may be proposed  
5 for repeal or amendment if it is found by the committee to be  
6 ineffective, more costly than is warranted by the purpose for  
7 which the credit was proposed or unused or otherwise no  
8 longer needed.

9 ~~[J-]~~ K. As used in this section:

10 (1) "eligible employee" means any individual  
11 other than an individual who:

12 (a) bears any of the relationships  
13 described in Paragraphs (1) through (8) of 26 U.S.C. Section  
14 152(a) to the employer or, if the employer is a corporation,  
15 to an individual who owns, directly or indirectly, more than  
16 fifty percent in value of the outstanding stock of the  
17 corporation or, if the employer is an entity other than a  
18 corporation, to any individual who owns, directly or  
19 indirectly, more than fifty percent of the capital and  
20 profits interests in the entity;

21 (b) if the employer is an estate or  
22 trust, is a grantor, beneficiary or fiduciary of the estate  
23 or trust or is an individual who bears any of the  
24 relationships described in Paragraphs (1) through (8) of 26  
25 U.S.C. Section 152(a) to a grantor, beneficiary or fiduciary

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1 of the estate or trust; or

2 (c) is a dependent, as that term is  
3 described in 26 U.S.C. Section 152(a)(9), of the employer or,  
4 if the taxpayer is a corporation, of an individual who owns,  
5 directly or indirectly, more than fifty percent in value of  
6 the outstanding stock of the corporation or, if the employer  
7 is an entity other than a corporation, of any individual who  
8 owns, directly or indirectly, more than fifty percent of the  
9 capital and profits interests in the entity or, if the  
10 employer is an estate or trust, of a grantor, beneficiary or  
11 fiduciary of the estate or trust;

12 (2) "eligible employer" means an employer  
13 who has been approved for in-plant training assistance  
14 pursuant to Section 21-19-7 NMSA 1978;

15 (3) "metropolitan statistical area" means a  
16 metropolitan statistical area in New Mexico as determined by  
17 the United States bureau of the census;

18 (4) "modified combined tax liability" means  
19 the total liability for the reporting period for the gross  
20 receipts tax imposed by Section 7-9-4 NMSA 1978 together with  
21 any tax collected at the same time and in the same manner as  
22 that gross receipts tax, such as the compensating tax, the  
23 withholding tax, the interstate telecommunications gross  
24 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA  
25 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,

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1 minus the amount of any credit other than the rural job tax  
2 credit applied against any or all of these taxes or  
3 surcharges; but "modified combined tax liability" excludes  
4 all amounts collected with respect to local option gross  
5 receipts taxes;

6 (5) "qualifying job" means a job established  
7 by the employer that is occupied by an eligible employee for  
8 at least forty-eight weeks of a qualifying period;

9 (6) "qualifying period" means the period of  
10 twelve months beginning on the day an eligible employee  
11 begins working in a qualifying job or the period of twelve  
12 months beginning on the anniversary of the day an eligible  
13 employee began working in a qualifying job;

14 (7) "rural area" means any part of the state  
15 other than:

- 16 (a) an H class county;  
17 (b) the state fairgrounds;  
18 (c) an incorporated municipality  
19 within a metropolitan statistical area if the municipality's  
20 population is thirty thousand or more according to the most  
21 recent federal decennial census; and

22 (d) any area within ten miles of the  
23 exterior boundaries of a municipality described in  
24 Subparagraph (c) of this paragraph;

25 (8) "tier one area" means:

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1 (a) any municipality within the rural  
2 area if the municipality's population according to the most  
3 recent federal decennial census is fifteen thousand or less;  
4 or

5 (b) any part of the rural area that is  
6 not within the exterior boundaries of a municipality;

7 (9) "tier two area" means any municipality  
8 within the rural area if the municipality's population  
9 according to the most recent federal decennial census is more  
10 than fifteen thousand; and

11 (10) "wages" means wages as defined by  
12 Paragraphs (1), (2) and (3) of 26 U.S.C. Section 51(c)."

13 SECTION 22. A new section of Chapter 7, Article 2F NMSA  
14 1978 is enacted to read:

15 "[NEW MATERIAL] SHORT TITLE.--Chapter 7, Article 2F NMSA  
16 1978 may be cited as the "Film Production Tax Credit Act"."

17 SECTION 23. A new section of Chapter 7, Article 2F NMSA  
18 1978 is enacted to read:

19 "[NEW MATERIAL] TAX CREDIT--TAXPAYER REPORTING  
20 REQUIREMENTS.--A taxpayer allowed a credit by the taxation  
21 and revenue department pursuant to the Film Production Tax  
22 Credit Act shall report to the department by June 30  
23 following the calendar year in which the credit is allowed on  
24 the activities of the taxpayer in the period in which the  
25 film production company made direct production expenditures

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1 and postproduction expenditures on which the taxpayer's claim  
2 of the film production tax credit is based on a form  
3 developed by the department to obtain information necessary  
4 to analyze the effectiveness of the credit, determine if the  
5 credit is being used for the purpose for which it was created  
6 and assess whether the credit is cost-effective."

7 **SECTION 24.** Section 7-2F-1 NMSA 1978 (being Laws 2002,  
8 Chapter 36, Section 1, as amended) is amended to read:

9 "7-2F-1. FILM PRODUCTION TAX CREDIT.--

10 A. The tax credit created by this section may be  
11 referred to as the "film production tax credit". An eligible  
12 film production company may apply for, and the taxation and  
13 revenue department may allow, a tax credit in an amount equal  
14 to the percentage specified in Subsection B of this section  
15 of:

16 (1) direct production expenditures made in  
17 New Mexico that:

18 (a) are directly attributable to the  
19 production in New Mexico of a film or commercial audiovisual  
20 product;

21 (b) are subject to taxation by the  
22 state of New Mexico; and

23 (c) exclude direct production  
24 expenditures for which another taxpayer claims the film  
25 production tax credit; and

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1                   (2) postproduction expenditures made in New  
2 Mexico that:

3                               (a) are directly attributable to the  
4 production of a commercial film or audiovisual product;

5                               (b) are for services performed in New  
6 Mexico;

7                               (c) are subject to taxation by the  
8 state of New Mexico; and

9                               (d) exclude postproduction  
10 expenditures for which another taxpayer claims the film  
11 production tax credit.

12                   B. Except as provided in Subsections C and J of  
13 this section, the percentage to be applied in calculating the  
14 amount of the film production tax credit is twenty-five  
15 percent.

16                   C. With respect to expenditures attributable to a  
17 production for which the film production company receives a  
18 tax credit pursuant to the federal new markets tax credit  
19 program, the percentage to be applied in calculating the film  
20 production tax credit is twenty percent.

21                   D. The film production tax credit shall not be  
22 claimed with respect to direct production expenditures or  
23 postproduction expenditures for which the film production  
24 company has delivered a nontaxable transaction certificate  
25 pursuant to Section 7-9-86 NMSA 1978.

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1           E. A long-form narrative film production for  
2 which the film production tax credit is claimed pursuant to  
3 Paragraph (1) of Subsection A of this section shall contain  
4 an acknowledgment that the production was filmed in New  
5 Mexico.

6           F. To be eligible for the film production tax  
7 credit, a film production company shall submit to the New  
8 Mexico film division of the economic development department  
9 information required by the division to demonstrate  
10 conformity with the requirements of this section and shall  
11 agree in writing:

12                   (1) to pay all obligations the film  
13 production company has incurred in New Mexico;

14                   (2) to publish, at completion of principal  
15 photography, a notice at least once a week for three  
16 consecutive weeks in local newspapers in regions where  
17 filming has taken place to notify the public of the need to  
18 file creditor claims against the film production company by a  
19 specified date;

20                   (3) that outstanding obligations are not  
21 waived should a creditor fail to file by the specified date;  
22 and

23                   (4) to delay filing of a claim for the film  
24 production tax credit until the New Mexico film division  
25 delivers written notification to the taxation and revenue

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1 department that the film production company has fulfilled all  
2 requirements for the credit.

3 G. The New Mexico film division shall determine  
4 the eligibility of the company and shall report this  
5 information to the taxation and revenue department in a  
6 manner and at times the economic development department and  
7 the taxation and revenue department shall agree upon.

8 H. To receive a film production tax credit, a  
9 film production company shall apply to the taxation and  
10 revenue department on forms and in the manner the department  
11 may prescribe. The application shall include a certification  
12 of the amount of direct production expenditures or  
13 postproduction expenditures made in New Mexico with respect  
14 to the film production for which the film production company  
15 is seeking the film production tax credit. If the  
16 requirements of this section have been complied with, the  
17 taxation and revenue department shall approve the film  
18 production tax credit and issue a document granting the tax  
19 credit.

20 I. The film production company may apply all or a  
21 portion of the film production tax credit granted against  
22 personal income tax liability or corporate income tax  
23 liability. If the amount of the film production tax credit  
24 claimed exceeds the film production company's tax liability  
25 for the taxable year in which the credit is being claimed,

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1 the excess shall be refunded.

2 J. As applied to direct production expenditures  
3 for the services of performing artists, the film production  
4 tax credit authorized by this section shall not exceed five  
5 million dollars (\$5,000,000) for services rendered by all  
6 performing artists in a production for which the film  
7 production tax credit is claimed.

8 K. Beginning in 2014 and at six-year intervals  
9 following 2014, the taxation and revenue department shall  
10 present a report on the film production tax credit to the  
11 revenue stabilization and tax policy committee for review.  
12 The committee, with the aid of the taxation and revenue  
13 department and the economic development department, shall  
14 determine if a need remains for the credit, if the credit is  
15 effectively being used for the purpose for which it was  
16 created and if the use of the credit is cost-effective. The  
17 credit may be proposed for repeal or amendment if it is found  
18 by the committee to be ineffective, more costly than is  
19 warranted by the purpose for which the credit was proposed or  
20 unused or otherwise no longer needed."

21 SECTION 25. A new section of the Gross Receipts and  
22 Compensating Tax Act is enacted to read:

23 "[NEW MATERIAL] TAX CREDITS--TAXPAYER REPORTING  
24 REQUIREMENTS.--A taxpayer allowed a credit by the department  
25 pursuant to Section 7-9-79.2, 7-9-96.1 or 7-9-96.2 NMSA 1978,

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1 or any other tax credit enacted pursuant to the Gross  
 2 Receipts and Compensating Tax Act after January 1, 2011,  
 3 shall report to the department by August 31 following each  
 4 state fiscal year in which the credit is claimed by the  
 5 taxpayer. The report shall be on a form developed by the  
 6 department to obtain information necessary to analyze the  
 7 effectiveness of the credit, determine if the credit is being  
 8 used for the purpose for which it was created and assess  
 9 whether the credit is cost-effective."

10 SECTION 26. Section 7-9-79.2 NMSA 1978 (being Laws  
 11 2007, Chapter 204, Section 9) is amended to read:

12 "7-9-79.2. GROSS RECEIPTS TAX--COMPENSATING TAX--  
 13 BIODIESEL BLENDING FACILITY TAX CREDIT.--

14 A. A taxpayer who is a rack operator as defined  
 15 in the Special Fuels Supplier Tax Act and who installs  
 16 biodiesel blending equipment in property owned by the  
 17 taxpayer for the purpose of establishing or expanding a  
 18 facility to produce blended biodiesel fuel is eligible to  
 19 claim a credit against gross receipts tax or compensating  
 20 tax. The credit shall be an amount equal to thirty percent  
 21 of the purchase cost of the equipment plus thirty percent of  
 22 the cost of installing that equipment. The credit provided  
 23 by this section may be referred to as the "biodiesel blending  
 24 facility tax credit".

25 B. The biodiesel blending facility tax credit

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1 shall not exceed fifty thousand dollars (\$50,000) with  
2 respect to equipment installed at any one facility.

3 C. Upon application from a taxpayer wishing to  
4 claim the biodiesel blending facility tax credit, the energy,  
5 minerals and natural resources department shall determine if  
6 the equipment for which the tax credit will be claimed meets  
7 the requirements of this section and if purchase and  
8 installation costs reported by the taxpayer are legitimate.  
9 Upon these determinations being made in favor of the  
10 taxpayer, the energy, minerals and natural resources  
11 department shall issue a dated certificate of eligibility  
12 containing this information and an estimate of the amount of  
13 the biodiesel blending facility tax credit for which the  
14 taxpayer is eligible.

15 D. To claim the biodiesel blending facility tax  
16 credit, the taxpayer shall provide to the taxation and  
17 revenue department the certificate of eligibility from the  
18 energy, minerals and natural resources department. Upon  
19 receipt of the certificate, the taxation and revenue  
20 department shall approve the claim for the credit if the  
21 total cumulative amount of approved claims for the credit for  
22 all taxpayers for the calendar year does not exceed one  
23 million dollars (\$1,000,000). The department shall maintain  
24 a record of the cumulative amount of claims for the credit  
25 that have been approved and when it determines that this

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1 cumulative amount has reached one million dollars  
2 (\$1,000,000), it shall cease approving any additional claims  
3 for the biodiesel blending facility tax credit.

4 E. If a taxpayer who has received the biodiesel  
5 blending facility tax credit ceases biodiesel blending  
6 without completing at least one hundred eighty days of  
7 availability of the facility within the first three hundred  
8 sixty-five days after the issuance of the certificate of  
9 eligibility from the energy, minerals and natural resources  
10 department, any amount of approved credit not applied against  
11 the taxpayer's gross receipts tax or compensating tax  
12 liability shall be extinguished. The taxpayer must amend the  
13 taxpayer's return, self-assess the tax owed and return any  
14 biodiesel blending facility tax credit received within four  
15 hundred twenty-five days of the date of issuance of the  
16 certificate of eligibility.

17 F. The tax credit provided by this section may  
18 only be applied against the taxpayer's gross receipts tax  
19 liability or compensating tax liability. If the credit  
20 exceeds the taxpayer's tax liability in the reporting period  
21 for which it is granted, the credit may be carried forward  
22 for four years from the date of the certificate of  
23 eligibility.

24 G. Beginning in 2014 and at six-year intervals  
25 following 2014, the department shall present a report on the

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1 biodiesel blending facility tax credit to the revenue  
2 stabilization and tax policy committee for review. The  
3 committee, with the aid of the department and the energy,  
4 minerals and natural resources department, shall determine if  
5 a need remains for the credit, if the credit is effectively  
6 being used for the purpose for which it was created and if  
7 the use of the credit is cost-effective. The credit may be  
8 proposed for repeal or amendment if it is found by the  
9 committee to be ineffective, more costly than is warranted by  
10 the purpose for which the credit was proposed or unused or  
11 otherwise no longer needed.

12 [~~G.~~] H. For the purposes of this section:

13 (1) "biodiesel" means renewable,  
14 biodegradable, monoalkyl ester combustible liquid fuel that  
15 is derived from agricultural plant oils or animal fats and  
16 that meets American society for testing and materials D 6751  
17 standard specification for biodiesel B100 blend stock for  
18 distillate fuels;

19 (2) "biodiesel blending equipment" means  
20 equipment necessary for the process of blending biodiesel  
21 with diesel fuel to produce blended biodiesel fuel;

22 (3) "blended biodiesel fuel" means a diesel  
23 fuel that contains at least two percent biodiesel; and

24 (4) "diesel fuel" means any diesel-engine  
25 fuel used for the generation of power to propel a motor

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1 vehicle."

2 SECTION 27. Section 7-9-96.1 NMSA 1978 (being Laws  
3 2007, Chapter 361, Section 7) is amended to read:

4 "7-9-96.1. CREDIT--GROSS RECEIPTS TAX--RECEIPTS OF  
5 CERTAIN HOSPITALS.--

6 A. A hospital licensed by the department of  
7 health may claim a credit for each reporting period against  
8 the gross receipts tax due for that reporting period as  
9 follows:

10 (1) for a hospital located in a  
11 municipality:

12 (a) on or after July 1, 2007 but  
13 before July 1, 2008, in an amount equal to seven hundred  
14 fifty-five thousandths percent of the hospital's taxable  
15 gross receipts for that reporting period after all applicable  
16 deductions have been taken;

17 (b) on or after July 1, 2008 but  
18 before July 1, 2009, in an amount equal to one and fifty-one  
19 hundredths percent of the hospital's taxable gross receipts  
20 for that reporting period after all applicable deductions  
21 have been taken;

22 (c) on or after July 1, 2009 but  
23 before July 1, 2010, in an amount equal to two and two  
24 hundred sixty-five thousandths percent of the hospital's  
25 taxable gross receipts for that reporting period after all

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1 applicable deductions have been taken;

2 (d) on or after July 1, 2010 but  
3 before July 1, 2011, in an amount equal to three and two  
4 hundredths percent of the hospital's taxable gross receipts  
5 for that reporting period after all applicable deductions  
6 have been taken; and

7 (e) on or after July 1, 2011, in an  
8 amount equal to three and seven hundred seventy-five  
9 thousandths percent of the hospital's taxable gross receipts  
10 for that reporting period after all applicable deductions  
11 have been taken; and

12 (2) for a hospital located in the  
13 unincorporated area of a county:

14 (a) on or after July 1, 2007 but  
15 before July 1, 2008, in an amount equal to one percent of the  
16 hospital's taxable gross receipts for that reporting period  
17 after all applicable deductions have been taken;

18 (b) on or after July 1, 2008 but  
19 before July 1, 2009, in an amount equal to two percent of the  
20 hospital's taxable gross receipts for that reporting period  
21 after all applicable deductions have been taken;

22 (c) on or after July 1, 2009 but  
23 before July 1, 2010, in an amount equal to three percent of  
24 the hospital's taxable gross receipts for that reporting  
25 period after all applicable deductions have been taken;

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1 (d) on or after July 1, 2010 but  
 2 before July 1, 2011, in an amount equal to four percent of  
 3 the hospital's taxable gross receipts for that reporting  
 4 period after all applicable deductions have been taken; and

5 (e) on or after July 1, 2011, in an  
 6 amount equal to five percent of the hospital's taxable gross  
 7 receipts for that reporting period after all applicable  
 8 deductions have been taken.

9 B. Beginning in 2014 and at six-year intervals  
 10 following 2014, the department shall present a report on the  
 11 credits provided pursuant to this section to the revenue  
 12 stabilization and tax policy committee for review. The  
 13 committee, with the aid of the department, shall determine if  
 14 a need remains for the credits, if the credits are  
 15 effectively being used for the purpose for which they were  
 16 created and if the use of the credits is cost-effective. The  
 17 credits may be proposed for repeal or amendment if they are  
 18 found by the committee to be ineffective, more costly than is  
 19 warranted by the purpose for which the credits were proposed  
 20 or unused or otherwise no longer needed.

21 [~~B.~~] C. For the purposes of this section,  
 22 "hospital" means a facility providing emergency or urgent  
 23 care, inpatient medical care and nursing care for acute  
 24 illness, injury, surgery or obstetrics and includes a  
 25 facility licensed by the department of health as a critical

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1 access hospital, general hospital, long-term acute care  
2 hospital, psychiatric hospital, rehabilitation hospital,  
3 limited services hospital and special hospital."

4 SECTION 28. Section 7-9-96.2 NMSA 1978 (being Laws  
5 2007, Chapter 361, Section 8) is amended to read:

6 "7-9-96.2. CREDIT--GROSS RECEIPTS TAX--UNPAID CHARGES  
7 FOR SERVICES PROVIDED IN A HOSPITAL.--

8 A. A licensed medical doctor or licensed  
9 osteopathic physician may claim a credit against gross  
10 receipts taxes due in the following amounts:

11 (1) from July 1, 2007 through June 30, 2008,  
12 thirty-three percent of the value of unpaid qualified health  
13 care services;

14 (2) from July 1, 2008 through June 30, 2009,  
15 sixty-seven percent of the value of unpaid qualified health  
16 care services; and

17 (3) on and after July 1, 2009, one hundred  
18 percent of the value of unpaid qualified health care  
19 services.

20 B. Beginning in 2014 and at six-year intervals  
21 following 2014, the department shall present a report on the  
22 credit provided pursuant to this section to the revenue  
23 stabilization and tax policy committee for review. The  
24 committee, with the aid of the department, shall determine if  
25 a need remains for the credit, if the credit is effectively

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1 being used for the purpose for which it was created and if  
2 the use of the credit is cost-effective. The credit may be  
3 proposed for repeal or amendment if it is found by the  
4 committee to be ineffective, more costly than is warranted by  
5 the purpose for which the credit was proposed or unused or  
6 otherwise no longer needed.

7 ~~[B.]~~ C. As used in this section:

8 (1) "qualified health care services" means  
9 medical care services provided by a licensed medical doctor  
10 or licensed osteopathic physician while on call to a  
11 hospital; and

12 (2) "value of unpaid qualified health care  
13 services" means the amount that is charged for qualified  
14 health care services, not to exceed one hundred thirty  
15 percent of the reimbursement rate for the services under the  
16 medicaid program administered by the human services  
17 department, that remains unpaid one year after the date of  
18 billing and that the licensed medical doctor or licensed  
19 osteopathic physician has reason to believe will not be paid  
20 because:

21 (a) at the time the services were  
22 provided, the person receiving the services had no health  
23 insurance or had health insurance that did not cover the  
24 services provided;

25 (b) at the time the services were

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1 provided, the person receiving the services was not eligible  
2 for medicaid; and

3 (c) the charges are not reimbursable  
4 under a program established pursuant to the Indigent Hospital  
5 and County Health Care Act."

6 SECTION 29. A new section of the Investment Credit Act  
7 is enacted to read:

8 "[NEW MATERIAL] TAX CREDIT--TAXPAYER REPORTING  
9 REQUIREMENTS.--A taxpayer allowed a credit by the department  
10 pursuant to the Investment Credit Act shall report to the  
11 department by August 31 following each state fiscal year in  
12 which the credit is claimed by the taxpayer. The report  
13 shall be on a form developed by the department to obtain  
14 information necessary to analyze the effectiveness of the  
15 investment credit, determine if the credit is being used for  
16 the purpose for which it was created and assess whether the  
17 credit is cost-effective."

18 SECTION 30. Section 7-9A-2.1 NMSA 1978 (being Laws  
19 2001, Chapter 57, Section 2 and Laws 2001, Chapter 337,  
20 Section 2) is amended to read:

21 "7-9A-2.1. LEGISLATIVE OVERSIGHT.--~~[The interim revenue~~  
22 ~~stabilization and tax policy committee during the 2005~~  
23 ~~interim shall conduct a review of the use of the investment~~  
24 ~~credit and the effectiveness of the credit in meeting the~~  
25 ~~state's economic development and tax policy objectives.~~

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1 ~~Following the study, the committee shall determine whether~~  
 2 ~~changes are necessary in the Investment Credit Act and report~~  
 3 ~~its findings and recommendations to the second session of the~~  
 4 ~~forty-seventh legislature] Beginning in 2014 and at six-year~~  
 5 ~~intervals following 2014, the department shall present a~~  
 6 ~~report on the credit provided pursuant to the Investment~~  
 7 ~~Credit Act to the revenue stabilization and tax policy~~  
 8 ~~committee for review. The committee, with the aid of the~~  
 9 ~~department and the economic development department, shall~~  
 10 ~~determine if a need remains for the credit, if the credit is~~  
 11 ~~effectively being used for the purpose for which it was~~  
 12 ~~created and if the use of the credit is cost-effective. The~~  
 13 ~~credit may be proposed for repeal or amendment if it is found~~  
 14 ~~by the committee to be ineffective, more costly than is~~  
 15 ~~warranted by the purpose for which the credit was proposed or~~  
 16 ~~unused or otherwise no longer needed."~~

17       SECTION 31. Section 7-9E-11 NMSA 1978 (being Laws 2007,  
 18 Chapter 172, Section 20) is amended to read:

19       "7-9E-11. REPORTING.--

20           A. By August 31 following the end of each state  
 21 fiscal year, a taxpayer that has claimed a tax credit  
 22 pursuant to the Laboratory Partnership with Small Business  
 23 Tax Credit Act shall submit to the department an information  
 24 report on a form developed by the department to obtain  
 25 information necessary to analyze the effectiveness of the tax

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1 credit, determine if the credit is being used for the purpose  
2 for which it was created and assess whether the credit is  
3 cost-effective.

4 ~~[A.]~~ B. By October 15 of each year, a national  
5 laboratory that has claimed a tax credit pursuant to the  
6 Laboratory Partnership with Small Business Tax Credit Act for  
7 the previous calendar year shall submit an annual report in  
8 writing to the department, the economic development  
9 department and an appropriate legislative interim committee.

10 ~~[B.]~~ C. If more than one national laboratory  
11 claims a tax credit pursuant to the Laboratory Partnership  
12 with Small Business Tax Credit Act for the previous calendar  
13 year, those laboratories shall jointly submit an annual  
14 report to the department, the economic development department  
15 and an appropriate legislative interim committee no later  
16 than October 15 following the calendar year in which the  
17 small business assistance was provided.

18 ~~[C.]~~ D. An annual report shall summarize  
19 activities related to and the results of the small business  
20 assistance programs that were provided by one or more  
21 national laboratories and shall include:

22 (1) a summary of the program results and the  
23 number of small businesses assisted in each county;

24 (2) a description of the projects involving  
25 multiple small businesses;

1 (3) results of surveys of small businesses  
2 to which small business assistance is provided;

3 (4) the total amount of the tax credits  
4 claimed pursuant to the Laboratory Partnership with Small  
5 Business Tax Credit Act for the year on which the report is  
6 based; and

7 (5) an economic impact study of jobs  
8 created, jobs retained, cost savings and increased sales  
9 generated by small businesses for which small business  
10 assistance is provided.

11 ~~[D.]~~ E. At any time after receipt of an annual  
12 report required pursuant to this section from one or more  
13 national laboratories eligible for tax credits authorized  
14 pursuant to the Laboratory Partnership with Small Business  
15 Tax Credit Act, the department or the economic development  
16 department may provide written instructions to a national  
17 laboratory identifying future improvements in the  
18 laboratory's small business assistance program for which it  
19 receives that tax credit.

20 F. Beginning in 2014 and at six-year intervals  
21 following 2014, the department shall present a report on the  
22 credits provided pursuant to the Laboratory Partnership with  
23 Small Business Tax Credit Act to the revenue stabilization  
24 and tax policy committee for review. The committee, with the  
25 aid of the department and the economic development

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1 department, shall determine if a need remains for the  
2 credits, if the credits are effectively being used for the  
3 purpose for which they were created and if the use of the  
4 credits is cost-effective. The credits may be proposed for  
5 repeal or amendment if they are found by the committee to be  
6 ineffective, more costly than is warranted by the purpose for  
7 which the credits were proposed or unused or otherwise no  
8 longer needed."

9 SECTION 32. Section 7-9F-1 NMSA 1978 (being Laws 2000  
10 (2nd S.S.), Chapter 22, Section 1) is amended to read:

11 "7-9F-1. SHORT TITLE.--~~[This act]~~ Chapter 7, Article 9F  
12 NMSA 1978 may be cited as the "Technology Jobs Tax Credit  
13 Act"."

14 SECTION 33. A new section of the Technology Jobs Tax  
15 Credit Act is enacted to read:

16 "[NEW MATERIAL] TAX CREDIT--TAXPAYER REPORTING  
17 REQUIREMENTS.--A taxpayer allowed a credit by the department  
18 pursuant to the Technology Jobs Tax Credit Act shall report  
19 to the department by August 31 following each state fiscal  
20 year in which the credit is claimed by the taxpayer. The  
21 report shall be on a form developed by the department to  
22 obtain information necessary to analyze the effectiveness of  
23 the credit, determine if the credit is being used for the  
24 purpose for which it was created and assess whether the  
25 credit is cost-effective."

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1           **SECTION 34.** Section 7-9F-12 NMSA 1978 (being Laws 2000  
2 (2nd S.S.), Chapter 22, Section 12) is amended to read:

3           "7-9F-12. DEPARTMENT REPORT.--

4           A. In October 2003 and each year thereafter, the  
5 department shall report to the legislative finance committee  
6 and the revenue stabilization and tax policy committee on the  
7 fiscal and economic impacts of the Technology Jobs Tax Credit  
8 Act using the most recently available data for the two prior  
9 fiscal years. The report shall include the number of  
10 taxpayers who have received basic credits or additional  
11 credits under the Technology Jobs Tax Credit Act, the amounts  
12 of the basic credits and additional credits, the geographic  
13 locations of the qualified facilities and the payroll  
14 increases of taxpayers related to additional credits, subject  
15 to the confidentiality provisions of Section 7-1-8 NMSA 1978.

16           B. Beginning in 2014 and at six-year intervals  
17 following 2014, in addition to the annual reports required in  
18 Subsection A of this section, the department shall present a  
19 report that analyzes the credits provided pursuant to the  
20 Techonology Jobs Tax Credit Act to the revenue stabilization  
21 and tax policy committee for the purpose of facilitating the  
22 review by that committee of those credits. The revenue  
23 stabilization and tax policy committee, with the aid of the  
24 department and the economic development department, shall  
25 determine if a need remains for the credits, if the credits

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1 are effectively being used for the purpose for which they  
2 were created and if the use of the credits is cost-effective.  
3 The credits may be proposed for repeal or amendment if they  
4 are found by the committee to be ineffective, more costly  
5 than is warranted by the purpose for which the credits were  
6 proposed or unused or otherwise no longer needed."

7 SECTION 35. Section 7-9G-1 NMSA 1978 (being Laws 2004,  
8 Chapter 15, Section 1, as amended) is amended to read:

9 "7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING  
10 HIGH-WAGE JOBS.--

11 A. A taxpayer who is an eligible employer may  
12 apply for, and the taxation and revenue department may allow,  
13 a tax credit for each new high-wage economic-based job. The  
14 credit provided in this section may be referred to as the  
15 "high-wage jobs tax credit".

16 B. The high-wage jobs tax credit may be claimed  
17 and allowed in an amount equal to ten percent of the wages  
18 and benefits distributed to an eligible employee in a new  
19 high-wage economic-based job, but shall not exceed twelve  
20 thousand dollars (\$12,000).

21 C. The high-wage jobs tax credit may be claimed  
22 by an eligible employer for each new high-wage economic-based  
23 job performed for the year in which the new high-wage  
24 economic-based job is created and for the three following  
25 qualifying periods.

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1           D. A new high-wage economic-based job shall not  
2 be eligible for a credit pursuant to this section unless the  
3 eligible employer's total number of employees with new high-  
4 wage economic-based jobs on the last day of the qualifying  
5 period at the location at which the job is performed or based  
6 is at least one more than the number on the day prior to the  
7 date the job was created.

8           E. With respect to each new high-wage economic-  
9 based job for which an eligible employer seeks the high-wage  
10 jobs tax credit, the employer shall certify:

11                 (1) the amount of wages paid to each  
12 eligible employee in a new high-wage economic-based job  
13 during each qualifying period;

14                 (2) the number of weeks the position was  
15 occupied during the qualifying period;

16                 (3) whether the new high-wage economic-based  
17 job was in a municipality with a population of forty thousand  
18 or more or with a population of less than forty thousand  
19 according to the most recent federal decennial census and  
20 whether the job was in the unincorporated area of a county;  
21 and

22                 (4) the total number of employees employed  
23 by the employer at the job location on the day prior to the  
24 qualifying period and on the last day of the qualifying  
25 period.

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1           F. To receive a high-wage jobs tax credit with  
2 respect to any qualifying period, an eligible employer shall  
3 apply to the taxation and revenue department on forms and in  
4 the manner prescribed by the department. The application  
5 shall include a certification made pursuant to Subsection E  
6 of this section.

7           G. The credit provided in this section may be  
8 deducted from the modified combined tax liability of a  
9 taxpayer. If the credit exceeds the modified combined tax  
10 liability of the taxpayer, the excess shall be refunded to  
11 the taxpayer.

12           H. The economic development department shall  
13 report to the appropriate interim legislative committee  
14 before November 1 of each year the cost of this tax credit to  
15 the state and its impact on company recruitment and job  
16 creation.

17           I. Beginning in 2014 and at six-year intervals  
18 following 2014, the taxation and revenue department shall  
19 present a report on the high-wage jobs tax credit to the  
20 revenue stabilization and tax policy committee for review.  
21 The committee, with the aid of the taxation and revenue  
22 department and the economic development department, shall  
23 determine if a need remains for the credit, if the credit is  
24 effectively being used for the purpose for which it was  
25 created and if the use of the credit is cost-effective. The

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1 credit may be proposed for repeal or amendment if it is found  
2 by the committee to be ineffective, more costly than is  
3 warranted by the purpose for which the credit was proposed or  
4 unused or otherwise no longer needed.

5 [~~F.~~] J. As used in this section:

6 (1) "benefits" means any employee benefit  
7 plan as defined in Title 1, Section 3 of the federal Employee  
8 Retirement Income Security Act of 1974, 29 U.S.C. 1002;

9 (2) "eligible employee" means an individual  
10 who is employed by an eligible employer and who is a resident  
11 of New Mexico; "eligible employee" does not include an  
12 individual who:

13 (a) bears any of the relationships  
14 described in Paragraphs (1) through (8) of 26 U.S.C. Section  
15 152(a) to the employer or, if the employer is a corporation,  
16 to an individual who owns, directly or indirectly, more than  
17 fifty percent in value of the outstanding stock of the  
18 corporation or, if the employer is an entity other than a  
19 corporation, to an individual who owns, directly or  
20 indirectly, more than fifty percent of the capital and  
21 profits interest in the entity;

22 (b) if the employer is an estate or  
23 trust, is a grantor, beneficiary or fiduciary of the estate  
24 or trust or is an individual who bears any of the  
25 relationships described in Paragraphs (1) through (8) of 26

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1 U.S.C. Section 152(a) to a grantor, beneficiary or fiduciary  
2 of the estate or trust;

3 (c) is a dependent, as that term is  
4 described in 26 U.S.C. Section 152(a)(9), of the employer or,  
5 if the taxpayer is a corporation, of an individual who owns,  
6 directly or indirectly, more than fifty percent in value of  
7 the outstanding stock of the corporation or, if the employer  
8 is an entity other than a corporation, of an individual who  
9 owns, directly or indirectly, more than fifty percent of the  
10 capital and profits interest in the entity or, if the  
11 employer is an estate or trust, of a grantor, beneficiary or  
12 fiduciary of the estate or trust; or

13 (d) is working or has worked as an  
14 employee or as an independent contractor for an entity that  
15 directly or indirectly owns stock in a corporation of the  
16 eligible employer or other interest of the eligible employer  
17 that represents fifty percent or more of the total voting  
18 power of that entity or has a value equal to fifty percent or  
19 more of the capital and profits interest in the entity;

20 (3) "eligible employer" means an employer  
21 that:

22 (a) made more than fifty percent of  
23 its sales to persons outside New Mexico during the most  
24 recent twelve months of the employer's modified combined tax  
25 liability reporting periods ending prior to claiming a high-

1 wage jobs tax credit; or

2 (b) is eligible for development  
3 training program assistance pursuant to Section 21-19-7 NMSA  
4 1978;

5 (4) "modified combined tax liability" means  
6 the total liability for the reporting period for the gross  
7 receipts tax imposed by Section 7-9-4 NMSA 1978 together with  
8 any tax collected at the same time and in the same manner as  
9 the gross receipts tax, such as the compensating tax, the  
10 withholding tax, the interstate telecommunications gross  
11 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA  
12 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,  
13 minus the amount of any credit other than the high-wage jobs  
14 tax credit applied against any or all of these taxes or  
15 surcharges; but "modified combined tax liability" excludes  
16 all amounts collected with respect to local option gross  
17 receipts taxes;

18 (5) "new high-wage economic-based job" means  
19 a job created by an eligible employer on or after July 1,  
20 2004 and prior to July 1, 2015 that is occupied for at least  
21 forty-eight weeks of a qualifying period by an eligible  
22 employee who is paid wages calculated for the qualifying  
23 period to be at least:

24 (a) forty thousand dollars (\$40,000)  
25 if the job is performed or based in a municipality with a

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1 population of forty thousand or more according to the most  
2 recent federal decennial census; and

3 (b) twenty-eight thousand dollars  
4 (\$28,000) if the job is performed or based in a municipality  
5 with a population of less than forty thousand according to  
6 the most recent federal decennial census or in the  
7 unincorporated area of a county;

8 (6) "qualifying period" means the period of  
9 twelve months beginning on the day an eligible employee  
10 begins working in a new high-wage economic-based job or the  
11 period of twelve months beginning on the anniversary of the  
12 day an eligible employee began working in a new high-wage  
13 economic-based job; and

14 (7) "wages" means wages as defined in  
15 Paragraphs (1), (2) and (3) of 26 U.S.C. Section 51(c)."

16 SECTION 36. A new section of Chapter 7, Article 9G NMSA  
17 1978 is enacted to read:

18 "[NEW MATERIAL] TAX CREDIT--TAXPAYER REPORTING  
19 REQUIREMENTS.--A taxpayer allowed a credit by the taxation  
20 and revenue department pursuant to Section 7-9G-1 or 7-9G-2  
21 NMSA 1978 shall report to the department by August 31  
22 following each state fiscal year in which the credit is  
23 claimed by the taxpayer. The report shall be on a form  
24 developed by the department to obtain information necessary  
25 to analyze the effectiveness of the credit, determine if the

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1 credit is being used for the purpose for which it was created  
2 and assess whether the credit is cost-effective."

3 SECTION 37. Section 7-9H-6 NMSA 1978 (being Laws 2005,  
4 Chapter 104, Section 16) is amended to read:

5 "7-9H-6. ADMINISTRATION OF THE ACT--REPORTING.--

6 A. The department shall administer the Research  
7 and Development Small Business Tax Credit Act pursuant to the  
8 Tax Administration Act.

9 B. A taxpayer allowed a research and development  
10 small business tax credit by the department pursuant to the  
11 Research and Development Small Business Tax Credit Act shall  
12 report to the department by August 31 following each state  
13 fiscal year in which the credit is claimed by the taxpayer.  
14 The report shall be on a form developed by the department to  
15 obtain information necessary to analyze the effectiveness of  
16 the credit, determine if the credit is being used for the  
17 purpose for which it was created and assess whether the  
18 credit is cost-effective.

19 C. Beginning in 2014 and at six-year intervals  
20 following 2014, the department shall present a report that  
21 analyzes the credits provided pursuant to the Research and  
22 Development Small Business Tax Credit Act to the revenue  
23 stabilization and tax policy committee for the purpose of  
24 facilitating the review by that committee of those credits.  
25 The revenue stabilization and tax policy committee, with the

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1 aid of the department and the economic development  
2 department, shall determine if a need remains for the  
3 credits, if the credits are effectively being used for the  
4 purpose for which they were created and if the use of the  
5 credits is cost-effective. The credits may be proposed for  
6 repeal or amendment if they are found by the committee to be  
7 ineffective, more costly than is warranted by the purpose for  
8 which the credits were proposed or unused or otherwise no  
9 longer needed."

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underscored material = new  
[bracketed material] = delete