

1 SENATE BILL 16

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

3 INTRODUCED BY

4 Peter Wirth

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE WATER HARVESTING INCOME TAX
12 CREDIT; AUTHORIZING THE TAXATION AND REVENUE DEPARTMENT TO
13 REVEAL AGGREGATE TAX CREDIT OR DEDUCTION INFORMATION TO
14 FACILITATE A REPORT TO LEGISLATIVE COMMITTEES.

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

17 SECTION 1. Section 7-1-8.8 NMSA 1978 (being Laws 2009,
18 Chapter 243, Section 10) is amended to read:

19 "7-1-8.8. INFORMATION THAT MAY BE REVEALED TO OTHER STATE
20 AGENCIES AND LEGISLATIVE COMMITTEES.--An employee of the
21 department may reveal to:

22 A. a committee of the legislature for a valid
23 legislative purpose, return information concerning any tax or
24 fee imposed pursuant to the Cigarette Tax Act;

25 B. the revenue stabilization and tax policy

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1 committee and the legislative finance committee, return
2 information necessary to facilitate the compilation of a report
3 to those committees on the effectiveness of a tax credit or
4 deduction that is required pursuant to law; provided that the
5 return information shall not include a taxpayer's name, address
6 or government-issued identification number;

7 ~~[B-]~~ C. the attorney general, return information
8 acquired pursuant to the Cigarette Tax Act for purposes of
9 Section 6-4-13 NMSA 1978 and the master settlement agreement
10 defined in Section 6-4-12 NMSA 1978;

11 ~~[G-]~~ D. the commissioner of public lands, return
12 information for use in auditing that pertains to rentals,
13 royalties, fees and other payments due the state under land
14 sale, land lease or other land use contracts;

15 ~~[D-]~~ E. the secretary of human services or the
16 secretary's delegate, under a written agreement with the
17 department, the last known address with date of all names
18 certified to the department as being absent parents of children
19 receiving public financial assistance, but only for the purpose
20 of enforcing the support liability of the absent parents by the
21 child support enforcement division or any successor
22 organizational unit;

23 ~~[E-]~~ F. the department of information technology,
24 by electronic media, a database updated quarterly that contains
25 the names, addresses, county of address and taxpayer

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1 identification numbers of New Mexico personal income tax
2 filers, but only for the purpose of producing the random jury
3 list for the selection of petit or grand jurors for the state
4 courts pursuant to Section 38-5-3 NMSA 1978;

5 ~~[F.]~~ G. the state courts, the random jury lists
6 produced by the department of information technology under
7 Subsection ~~[E]~~ F of this section;

8 ~~[G.]~~ H. the director of the New Mexico department
9 of agriculture or the director's authorized representative,
10 upon request of the director or representative, the names and
11 addresses of all gasoline or special fuel distributors,
12 wholesalers and retailers;

13 ~~[H.]~~ I. the public regulation commission, return
14 information with respect to the Corporate Income and Franchise
15 Tax Act required to enable the commission to carry out its
16 duties;

17 ~~[I.]~~ J. the state racing commission, return
18 information with respect to the state, municipal and county
19 gross receipts taxes paid by racetracks;

20 ~~[J.]~~ K. the gaming control board, tax returns of
21 license applicants and their affiliates as provided in
22 Subsection E of Section 60-2E-14 NMSA 1978;

23 ~~[K.]~~ L. the director of the workers' compensation
24 administration or to the director's representatives authorized
25 for this purpose, return information to facilitate the

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1 identification of taxpayers that are delinquent or noncompliant
2 in payment of fees required by Section 52-1-9.1 or 52-5-19 NMSA
3 1978; and

4 ~~[H.]~~ M. the secretary of workforce solutions or the
5 secretary's delegate, return information for use in enforcement
6 of unemployment insurance collections pursuant to the terms of
7 a written reciprocal agreement entered into by the department
8 with the secretary of workforce solutions for exchange of
9 information."

10 SECTION 2. A new section of the Income Tax Act is enacted
11 to read:

12 "[NEW MATERIAL] WATER HARVESTING INCOME TAX CREDIT.--

13 A. A taxpayer who is not a dependent of another
14 individual and who purchases and installs a certified water
15 harvesting system after January 1, 2014 and before December 31,
16 2024 in a residence or business in New Mexico owned by that
17 taxpayer may apply for a tax credit against the taxpayer's tax
18 liability imposed pursuant to the Income Tax Act in an amount
19 up to twenty percent of the purchase and installation costs of
20 the system. The tax credit provided by this section may be
21 referred to as the "water harvesting income tax credit".

22 B. The purpose of the water harvesting income tax
23 credit is to provide an incentive for homeowners and businesses
24 to use harvested water for future use.

25 C. The water harvesting income tax credit shall not

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1 exceed five thousand dollars (\$5,000). The department shall
2 allow a water harvesting income tax credit only for a water
3 harvesting system certified by the regulation and licensing
4 department.

5 D. The department may allow a maximum annual
6 aggregate of two million dollars (\$2,000,000) in water
7 harvesting income tax credits per year. Applications for the
8 credit shall be considered in the order received by the
9 department.

10 E. A taxpayer may claim a water harvesting income
11 tax credit in the taxable year in which the taxpayer purchases
12 and installs a water harvesting system. To receive a water
13 harvesting income tax credit, a taxpayer shall apply to the
14 department on forms and in the manner prescribed by the
15 department. The application shall include a certification made
16 pursuant to Subsection I of this section.

17 F. A portion of the water harvesting income tax
18 credit that remains unused in a taxable year may be carried
19 forward for a maximum of ten consecutive taxable years
20 following the taxable year in which the credit originates until
21 fully expended.

22 G. A husband and wife filing separate returns for a
23 taxable year for which they could have filed a joint return may
24 each claim only one-half of the water harvesting income tax
25 credit that would have been claimed on a joint return.

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1 H. A taxpayer may be allocated the right to claim a
2 water harvesting income tax credit in proportion to the
3 taxpayer's ownership interest if the taxpayer owns an interest
4 in a business entity that is taxed for federal income tax
5 purposes as a partnership and that business entity has met all
6 of the requirements to be eligible for the credit. The total
7 credit claimed by all members of the partnership or limited
8 liability company shall not exceed the allowable credit
9 pursuant to Subsection C of this section.

10 I. Prior to July 1, 2014, the regulation and
11 licensing department, in consultation with the state engineer,
12 shall adopt rules establishing procedures to provide
13 certification of water harvesting systems for purposes of
14 obtaining a water harvesting income tax credit. The rules
15 shall address technical specifications and requirements
16 relating to safety, code and standards compliance, minimum and
17 maximum system sizes, system applications and lists of eligible
18 components. The regulation and licensing department may modify
19 the specifications and requirements as necessary to maintain a
20 high level of system quality and performance.

21 J. A taxpayer allowed a water harvesting income tax
22 credit pursuant to this section shall report the amount of the
23 credit to the department in a manner required by the
24 department.

25 K. The department shall compile an annual report on
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1 the water harvesting income tax credit pursuant to this section
2 that shall include the number of taxpayers approved by the
3 department to receive the credit, the aggregate amount of
4 credits approved and any other information necessary to
5 evaluate the effectiveness of the credit. Beginning in 2019
6 and five years thereafter that the credit is in effect, the
7 department shall compile and present the annual reports to the
8 revenue stabilization and tax policy committee and the
9 legislative finance committee with an analysis of the
10 effectiveness and cost of the credit and whether the credit is
11 performing the purpose for which it was created.

12 L. As used in this section, "water harvesting
13 system" is a system that is designed to provide for the
14 collection of rainwater or snowmelt from the rooftop of a
15 building and is capable of storing the rainwater or snowmelt
16 for future use."

17 SECTION 3. APPLICABILITY.--The provisions of this act
18 apply to taxable years beginning on or after January 1, 2014.