

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 124

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

AN ACT

RELATING TO TAXATION; CREATING THE HOME ENERGY AND WATER
EFFICIENCY INCOME TAX CREDIT.

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]~~ HOME ENERGY AND WATER EFFICIENCY INCOME
TAX CREDIT.--

A. Beginning January 1, 2015 and before January 1,
2020, a taxpayer who is not a dependent of another individual
and who makes improvements to the energy or indoor water use
efficiency of the taxpayer's primary residence, as certified by
a qualified assessor approved by the energy, minerals and
natural resources department, and who meets the requirements of
this section may apply for, and the taxation and revenue

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1 department shall allow, a one-time credit against the
2 taxpayer's tax liability imposed pursuant to the Income Tax
3 Act. The tax credit provided by this section may be referred
4 to as the "home energy and water efficiency income tax credit".

5 B. The purpose of the home energy and water
6 efficiency income tax credit is to increase the efficiency of
7 energy and indoor water use of existing residences in the
8 state.

9 C. The home energy and water efficiency income tax
10 credit may be allowed as follows:

11 (1) if energy efficiency of a taxpayer's
12 primary residence is improved by:

13 (a) between ten and less than twenty
14 percent, two thousand dollars (\$2,000);

15 (b) between twenty and less than thirty
16 percent, two thousand five hundred dollars (\$2,500); or

17 (c) thirty percent or more, three
18 thousand dollars (\$3,000); and

19 (2) if the efficiency of the indoor water use
20 of a taxpayer's primary residence is improved by:

21 (a) between twenty and less than thirty
22 percent, four hundred dollars (\$400);

23 (b) between thirty and less than forty
24 percent, five hundred dollars (\$500);

25 (c) between forty and less than fifty

1 percent, six hundred dollars (\$600); or

2 (d) fifty percent or more, seven hundred
3 dollars (\$700).

4 D. A taxpayer may claim a home energy and water
5 efficiency income tax credit:

6 (1) for the taxable year in which the taxpayer
7 makes improvements to increase the energy or indoor water use
8 efficiency in the taxpayer's primary residence; and

9 (2) no later than one year following the end
10 of the calendar year in which the improvement was made.

11 E. That portion of a home energy and water
12 efficiency income tax credit that exceeds a taxpayer's income
13 tax liability in a taxable year may be carried forward for up
14 to four consecutive taxable years.

15 F. To be eligible for a home energy and water
16 efficiency income tax credit, a taxpayer shall have made
17 improvements to the taxpayer's primary residence that increases
18 the energy or indoor water use efficiency of the primary
19 residence by at least ten percent. To determine if the
20 improvements have increased the primary residence's energy or
21 indoor water use efficiency, the taxpayer shall have an
22 inspection made of the primary residence by a qualified
23 assessor approved by the energy, minerals and natural resources
24 department prior to and after the improvements are made to the
25 primary residence. The taxpayer shall be responsible for the

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1 costs of the inspection. If the improvements have increased
2 the energy or indoor water use efficiency of the primary
3 residence by at least ten percent, the energy, minerals and
4 natural resources department shall provide a certificate to the
5 taxpayer indicating the amount of increase.

6 G. To receive a home energy and water efficiency
7 income tax credit, a taxpayer shall apply to the department on
8 forms and in the manner prescribed by the department. The
9 application shall include a certification made pursuant to
10 Subsection F of this section.

11 H. The energy, minerals and natural resources
12 department shall adopt rules establishing procedures for
13 certification of the increase in energy and indoor water use
14 efficiency of a primary residence for purposes of obtaining a
15 home energy and water efficiency income tax credit. The rules
16 shall address procedures for measuring the energy efficiency in
17 a taxpayer's primary residence using industry standard software
18 programs before and after improvements are made and procedures
19 for making recommendations on what improvements may be made to
20 maximize energy efficiency before improvements are made to the
21 taxpayer's primary residence.

22 I. Married individuals filing separate returns for
23 a taxable year for which they could have filed a joint return
24 may each claim only one-half of the home energy and water
25 efficiency income tax credit that would have been claimed on a

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1 joint return.

2 J. A taxpayer allowed a credit pursuant to this
3 section shall report the amount of the credit to the department
4 in a manner required by the department.

5 K. The department shall compile an annual report on
6 the home energy and water efficiency income tax credit that
7 shall include the number of taxpayers approved by the
8 department to receive the credit, the aggregate amount of
9 credits approved and any other information necessary to
10 evaluate the effectiveness of the credit. Beginning in 2017
11 and every three years thereafter that the credit is in effect,
12 the department shall compile and present the annual reports to
13 the revenue stabilization and tax policy committee and the
14 legislative finance committee with an analysis of the
15 effectiveness and cost of the credit and whether the credit is
16 performing the purpose for which it was created.

17 L. As used in this section:

18 (1) "improvements" means physical changes made
19 to a taxpayer's home that increase the energy and indoor water
20 use efficiency of a taxpayer's primary residence; and

21 (2) "primary residence" means the domicile
22 where a person resides for most of the year, and, if the person
23 is temporarily out of the state, the address where a person
24 will return when the person returns to New Mexico or the
25 address that a person uses for purposes of a driver's license

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1 or passport."

2 SECTION 2. APPLICABILITY.--The provisions of this act
3 apply to taxable years beginning on or after January 1, 2014.

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