

April 10, 2015

HOUSE EXECUTIVE MESSAGE NO. 23

The Honorable Don L. Tripp, Speaker of the House and  
Members of the House of Representatives  
State Capitol Building  
Santa Fe, NM 87501

Honorable Speaker Tripp and Members of the House:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and return HOUSE BILL 296, as amended, enacted by the Fifty-Second Legislature, First Session, 2015.

House Bill 296 would allow personal income taxpayers who lease solar thermal systems or photovoltaic systems to claim the Solar Market Development Tax Credit, a credit that was originally intended to offset the large upfront costs to homeowners associated with purchasing and installing solar systems, while simultaneously encouraging investment in an infant industry.

While I support efforts to promote access to renewable energy and believe that encouraging the leasing of solar panels is one of many ways this can occur, House Bill 296 is structured in a way that would create unintended consequences. For example, depending upon how a company structures its business model, a homeowner could lease solar panels for their home, receive a tax credit payment worth several thousand dollars, and then move out of the home soon after making the first lease payment – saddling the burden of the lease payments on the next homeowner, without the benefit of the tax credit.

This scenario has played out in communities across the country where similar incentives were offered. It is one reason some believe that the tax credit should be provided to the company supplying the solar system, rather than the homeowner, with the requirement that the company pass the savings on to the consumer in the form of reduced lease payments over the term of the lease.

Either way, there appears to be need for additional work to be done so that this tax credit is structured in a way that achieves the desired outcome, cannot be abused, and adequately protects consumers.

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Respectfully yours,

Susana Martinez  
Governor

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Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_, 2015

By \_\_\_\_\_  
Secretary of State

Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_, 2015

By \_\_\_\_\_  
Chief Clerk of the House