

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 584

3 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

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10 AN ACT

11 RELATING TO TAXATION; AMENDING A SECTION OF THE INCOME TAX ACT
12 AND THE CORPORATE INCOME AND FRANCHISE TAX ACT TO CLARIFY THAT
13 A TAXPAYER MAY APPLY FOR CREDITS FOR EACH GEOTHERMAL GROUND-
14 COUPLED HEAT PUMP PURCHASED AND INSTALLED.

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

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

19 "7-2-18.24. GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX
20 CREDIT.--

21 A. A taxpayer who files an individual New Mexico
22 income tax return for a taxable year beginning on or after
23 January 1, 2010 and who purchases and installs after January 1,
24 2010 but before December 31, 2020 [a] one or more geothermal
25 ground-coupled heat [~~pump~~] pumps for use in [a residence,

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underscored material = new
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1 ~~business or agricultural enterprise~~ one or more residences,
2 businesses or agricultural enterprises in New Mexico owned by
3 that taxpayer may apply for, and the department may allow, a
4 tax credit of up to thirty percent of the purchase and
5 installation costs of ~~[the system]~~ each geothermal ground-
6 coupled heat pump. The credit provided in this section may be
7 referred to as the "geothermal ground-coupled heat pump tax
8 credit". A taxpayer may claim multiple geothermal ground-
9 coupled heat pump tax credits if multiple geothermal ground-
10 coupled heat pumps are installed in one or more residences,
11 businesses or agricultural enterprises. The total geothermal
12 ground-coupled heat pump tax credit allowed to a taxpayer shall
13 not exceed nine thousand dollars (\$9,000) per geothermal
14 ground-coupled heat pump purchased and installed. The
15 department shall allow a geothermal ground-coupled heat pump
16 tax credit only for geothermal ground-coupled heat pumps
17 certified by the energy, minerals and natural resources
18 department.

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

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

1 procedures to provide certification of geothermal ground-
2 coupled heat pumps for purposes of obtaining a geothermal
3 ground-coupled heat pump tax credit. The rules shall address
4 technical specifications and requirements relating to safety,
5 building code and standards compliance, minimum system sizes,
6 system applications and lists of eligible components. The
7 energy, minerals and natural resources department may modify
8 the specifications and requirements as necessary to maintain a
9 high level of 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 a
16 geothermal ground-coupled heat pump tax credit with respect to
17 a property owned by a partnership or other business association
18 of which the taxpayer is a member may claim a credit only in
19 proportion to that taxpayer's interest in the partnership or
20 association. The total credit claimed in the aggregate by all
21 members of the partnership or association with respect to the
22 property shall not exceed the amount of the credit that could
23 have been claimed by a sole owner of the property.

24 F. [~~A husband and wife~~] Married individuals who
25 file separate returns for a taxable year in which they could

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

3 G. As used in this section, "geothermal ground-
4 coupled heat pump" means a system that uses energy from the
5 ground, water or, ultimately, the sun for distribution of
6 heating, cooling or domestic hot water; that has either a
7 minimum coefficient of performance of three and four-tenths or
8 an efficiency ratio of sixteen or greater; and that is
9 installed by an accredited installer certified by the
10 international ground source heat pump association.

11 H. If the requirements of this section have been
12 complied with, the department shall issue to the building owner
13 a document granting a geothermal ground-coupled heat pump tax
14 credit. The document shall be numbered for identification and
15 declare its date of issuance and the amount of the tax credit
16 allowed pursuant to this section. The document may be
17 submitted by the building owner with that taxpayer's income tax
18 return, if applicable, or may be sold, exchanged or otherwise
19 transferred to another taxpayer. The parties to such a
20 transaction shall notify the department of the sale, exchange
21 or transfer within ten days of the sale, exchange or transfer."

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

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

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1 A. A taxpayer that files a New Mexico corporate
2 income tax return for a taxable year beginning on or after
3 January 1, 2010 and that purchases and installs after January
4 1, 2010 but before December 31, 2020 ~~[a]~~ one or more geothermal
5 ground-coupled heat ~~[pump]~~ pumps for use in [a property] one or
6 more residences, businesses or agricultural enterprises owned
7 by the taxpayer may claim against the taxpayer's corporate
8 income tax liability, and the department may allow, a tax
9 credit of up to thirty percent of the purchase and installation
10 costs of ~~[the system]~~ each geothermal ground-coupled heat pump.
11 The credit provided in this section may be referred to as the
12 "geothermal ground-coupled heat pump tax credit". A taxpayer
13 may claim multiple geothermal ground-coupled heat pump tax
14 credits if multiple geothermal ground-coupled heat pumps are
15 installed in one or more residences, businesses or agricultural
16 enterprises. The total geothermal ground-coupled heat pump tax
17 credit allowed to a taxpayer shall not exceed nine thousand
18 dollars (\$9,000) per geothermal ground-coupled heat pump
19 purchased and installed. The department shall allow a
20 geothermal ground-coupled heat pump tax credit only for
21 geothermal ground-coupled heat pumps certified by the energy,
22 minerals and natural resources department.

23 B. A portion of the geothermal ground-coupled heat
24 pump tax credit that remains unused in a taxable year may be
25 carried forward for a maximum of ten consecutive taxable years

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1 following the taxable year in which the credit originates until
2 the credit is fully expended.

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

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

19 E. As used in this section, "geothermal ground-
20 coupled heat pump" means a reversible refrigerator device that
21 provides space heating, space cooling, domestic hot water,
22 processed hot water, processed chilled water or any other
23 application where hot air, cool air, hot water or chilled water
24 is required and that utilizes ground water or water circulating
25 through pipes buried in the ground as a condenser in the

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1 cooling mode and an evaporator in the heating mode.

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

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