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HOUSE BILL 26

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

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Stapleton

AN ACT

RELATING TO TAXATION; EXTENDING THE SOLAR MARKET DEVELOPMENT
TAX CREDIT; INCREMENTALLY REDUCING THE AMOUNT OF THE CREDIT;
COMBINING THE SOLAR THERMAL SYSTEMS AND PHOTOVOLTAIC SYSTEMS
AGGREGATE CAPS INTO ONE AGGREGATE CAP.

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

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

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

A. Except as provided in Subsection C of this
section, a taxpayer who files an individual New Mexico income
tax return for a taxable year beginning on or after January 1,

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1 2006 and who purchases and installs after January 1, 2006 [~~but~~
2 ~~before December 31, 2016~~] a solar thermal system or a
3 photovoltaic system in a residence, business or agricultural
4 enterprise in New Mexico owned by that taxpayer may apply for,
5 and the department may allow, a solar market development tax
6 credit [~~of up to ten percent of the purchase and installation~~
7 ~~costs of the system~~] as follows:

8 (1) if the system is installed prior to
9 January 1, 2019, up to ten percent of the purchase and
10 installation costs of the system;

11 (2) if the system is installed on or after
12 January 1, 2019 and prior to January 1, 2021, up to nine
13 percent of the purchase and installation costs of the system;

14 (3) if the system is installed on or after
15 January 1, 2021 and prior to January 1, 2022, up to eight
16 percent of the purchase and installation costs of the system;

17 (4) if the system is installed on or after
18 January 1, 2022 and prior to January 1, 2023, up to seven
19 percent of the purchase and installation costs of the system;

20 (5) if the system is installed on or after
21 January 1, 2023 and prior to January 1, 2024, up to six percent
22 of the purchase and installation costs of the system; and

23 (6) if the system is installed on or after
24 January 1, 2024 and prior to January 1, 2025, up to five
25 percent of the purchase and installation costs of the system.

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1 B. The total solar market development tax credit
2 allowed for either a photovoltaic system or a solar thermal
3 system shall not exceed nine thousand dollars (\$9,000). The
4 department shall allow solar market development tax credits
5 only for solar thermal systems and photovoltaic systems
6 certified by the energy, minerals and natural resources
7 department.

8 C. Solar market development tax credits may not be
9 claimed or allowed for:

10 (1) a heating system for a swimming pool or a
11 hot tub; or

12 (2) a commercial or industrial photovoltaic
13 system other than an agricultural photovoltaic system on a farm
14 or ranch that is not connected to an electric utility
15 transmission or distribution system.

16 D. The department may allow a maximum annual
17 aggregate of

18 ~~[(1) two million dollars (\$2,000,000) in solar~~
19 ~~market development tax credits for solar thermal systems; and~~
20 ~~(2) three million dollars (\$3,000,000)]~~ five
21 million dollars (\$5,000,000) in solar market development tax
22 credits [~~for photovoltaic systems~~].

23 E. A portion of the solar market development tax
24 credit that remains unused in a taxable year may be carried
25 forward for a maximum of ten consecutive taxable years

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underscoring material = new
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1 following the taxable year in which the credit originates until
2 fully expended.

3 F. Prior to July 1, 2006, the energy, minerals and
4 natural resources department shall adopt rules establishing
5 procedures to provide certification of solar thermal systems
6 and photovoltaic systems for purposes of obtaining a solar
7 market development tax credit. The rules shall address
8 technical specifications and requirements relating to safety,
9 code and standards compliance, solar collector orientation and
10 sun exposure, minimum system sizes, system applications and
11 lists of eligible components. The energy, minerals and natural
12 resources department may modify the specifications and
13 requirements as necessary to maintain a high level of system
14 quality and performance.

15 G. As used in this section:

16 (1) "photovoltaic system" means an energy
17 system that collects or absorbs sunlight for conversion into
18 electricity; and

19 (2) "solar thermal system" means an energy
20 system that collects or absorbs solar energy for conversion
21 into heat for the purposes of space heating, space cooling or
22 water heating."