

1 HOUSE BILL 221

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE HOME ENERGY EFFICIENCY  
12 INCOME TAX CREDIT.

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

15 SECTION 1. A new section of the Income Tax Act is enacted  
16 to read:

17 "[NEW MATERIAL] HOME ENERGY EFFICIENCY INCOME TAX  
18 CREDIT.--

19 A. Prior to January 1, 2025, a taxpayer who is not  
20 a dependent of another individual, who makes energy efficiency  
21 improvements to the taxpayer's New Mexico home, as certified by  
22 a qualified assessor who has no relationship to the taxpayer or  
23 the contractor making the energy efficiency improvements and is  
24 approved by the energy, minerals and natural resources  
25 department, and who meets the requirements of this section may

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

6 B. A taxpayer who is allowed a credit pursuant to  
7 Section 7-2-18.14 NMSA 1978 in a taxable year shall not be  
8 allowed a home energy efficiency income tax credit in the same  
9 taxable year.

10 C. The amount of a home energy efficiency income  
11 tax credit shall be in the following amounts if, as certified  
12 pursuant to Subsection G of this section, the energy efficiency  
13 of a taxpayer's New Mexico home is improved by:

14 (1) at least twenty percent and less than  
15 thirty percent, two thousand dollars (\$2,000);

16 (2) at least thirty percent and less than  
17 forty percent, three thousand dollars (\$3,000); and

18 (3) at least forty percent, four thousand  
19 dollars (\$4,000).

20 D. For credits claimed beginning January 1, 2020  
21 and prior to January 1, 2023, the department may allow a  
22 maximum annual aggregate of one million dollars (\$1,000,000) in  
23 home energy efficiency income tax credits per calendar year.

24 For credits claimed beginning January 1, 2023 and prior to  
25 January 1, 2025, the department may allow a maximum annual

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1 aggregate of two million dollars (\$2,000,000) in home energy  
2 efficiency income tax credits per calendar year. Completed  
3 applications for the tax credit shall be considered in the  
4 order received by the department. A taxpayer who applies for a  
5 tax credit but is unable to receive the tax credit because the  
6 applications for the year exceed the limitation provided in  
7 this subsection shall be placed at the front of a queue of tax  
8 credit applicants in the subsequent calendar year.

9 E. A taxpayer who claims a home energy efficiency  
10 income tax credit shall claim the credit:

11 (1) for the taxable year in which the taxpayer  
12 makes energy efficiency improvements to the taxpayer's New  
13 Mexico home; and

14 (2) no later than one year following the end  
15 of the calendar year in which the energy efficiency  
16 improvements are made.

17 F. If a portion of a home energy efficiency income  
18 tax credit exceeds a taxpayer's income tax liability in a  
19 taxable year, the excess shall be refunded to the taxpayer.

20 G. To be eligible for a home energy efficiency  
21 income tax credit, a taxpayer shall have made energy efficiency  
22 improvements to the taxpayer's New Mexico home that increase  
23 the energy efficiency of the New Mexico home by at least twenty  
24 percent. To determine if the improvements have increased the  
25 New Mexico home's energy efficiency, the taxpayer shall have an

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1 inspection made of the New Mexico home prior to and after when  
2 the energy efficiency improvements are made by a disinterested  
3 third-party assessor who is approved by the energy, minerals  
4 and natural resources department. The taxpayer shall be  
5 responsible for the costs of the inspection. If the energy  
6 efficiency improvements have increased the energy efficiency of  
7 the New Mexico home by at least twenty percent, the energy,  
8 minerals and natural resources department shall provide a  
9 certificate to the taxpayer indicating the amount of increase.

10 H. To receive a home energy efficiency income tax  
11 credit, a taxpayer shall apply to the department on forms and  
12 in the manner prescribed by the department. The application  
13 shall include a certification made pursuant to Subsection G of  
14 this section.

15 I. The energy, minerals and natural resources  
16 department shall adopt rules establishing:

17 (1) procedures for certification of the  
18 increase in energy efficiency of a New Mexico home for purposes  
19 of obtaining a home energy efficiency income tax credit;

20 (2) procedures and qualifications for persons  
21 for measuring the energy efficiency in a taxpayer's New Mexico  
22 home; and

23 (3) procedures for measuring ventilation  
24 requirements and combustion safety.

25 J. Married individuals filing separate returns for

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1 a taxable year for which they could have filed a joint return  
2 may each claim only one-half of the home energy efficiency  
3 income tax credit that would have been claimed on a joint  
4 return.

5 K. A taxpayer allowed a tax credit pursuant to this  
6 section shall report the amount of the tax credit to the  
7 department in a manner required by the department.

8 L. The department shall compile an annual report on  
9 the home energy efficiency income tax credit that shall include  
10 the number of taxpayers approved by the department to receive  
11 the tax credit, the aggregate amount of tax credits approved  
12 and any other information necessary to evaluate the tax credit.  
13 For each year that the tax credit is in effect, the department  
14 shall compile and present the report to the revenue  
15 stabilization and tax policy committee and the legislative  
16 finance committee with an analysis of the cost of the tax  
17 credit.

18 M. As used in this section:

19 (1) "energy efficiency improvements" means  
20 physical changes made to a taxpayer's New Mexico home that  
21 increase the energy efficiency of the New Mexico home; and

22 (2) "New Mexico home" means a detached one- or  
23 two-family dwelling or townhouse that:

24 (a) is not more than three stories in  
25 height above grade plane;

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(b) has a separate means of egress;  
(c) has an initial certificate of occupancy that was issued at least ten years prior to when installation of the energy efficiency improvements is begun;  
(d) is in the state of New Mexico; and  
(e) is the primary residence of a taxpayer who claims a home energy efficiency income tax credit."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2019.