

1 SENATE BILL 518

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

3 INTRODUCED BY

4 Mimi Stewart

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE NEW SOLAR MARKET DEVELOPMENT  
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] NEW SOLAR MARKET DEVELOPMENT INCOME TAX  
18 CREDIT.--

19 A. For taxable years prior to January 1, 2029, a  
20 taxpayer who is not a dependent of another individual and who  
21 purchases and installs a solar thermal system or a photovoltaic  
22 system in a residence, business or agricultural enterprise on  
23 or after January 1, 2019 may apply for, and the department may  
24 allow, a credit against the taxpayer's tax liability imposed  
25 pursuant to the Income Tax Act in an amount provided in

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1 Subsection C of this section. The tax credit provided by this  
2 section may be referred to as the "new solar market development  
3 income tax credit".

4 B. The purpose of the new solar market development  
5 income tax credit is to encourage the installation of solar  
6 thermal and photovoltaic systems in residences, businesses and  
7 agricultural enterprises.

8 C. The department may allow a new solar market  
9 development income tax credit of ten percent of the purchase  
10 and installation costs of a solar thermal or photovoltaic  
11 system.

12 D. The new solar market development income tax  
13 credit shall not exceed six thousand dollars (\$6,000). The  
14 department shall allow a tax credit only for solar thermal and  
15 photovoltaic systems certified pursuant to Subsection J of this  
16 section.

17 E. The department may allow a maximum annual  
18 aggregate of ten million dollars (\$10,000,000) in new solar  
19 market development income tax credits per calendar year.  
20 Completed applications for the credit shall be considered in  
21 the order received by the department.

22 F. A taxpayer may claim a new solar market  
23 development income tax credit for the taxable year in which the  
24 taxpayer purchases and installs a solar thermal or photovoltaic  
25 system. To receive a new solar market development income tax

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1 credit, a taxpayer shall apply to the department on forms and  
2 in the manner prescribed by the department within twelve months  
3 following the calendar year in which the system was installed.  
4 The application shall include a certification made pursuant to  
5 Subsection J of this section.

6 G. That portion of a new solar market development  
7 income tax credit that exceeds a taxpayer's tax liability in  
8 the taxable year in which the credit is claimed may be carried  
9 forward for a maximum of five consecutive taxable years.

10 H. Married individuals filing separate returns for  
11 a taxable year for which they could have filed a joint return  
12 may each claim only one-half of the new solar market  
13 development income tax credit that would have been claimed on a  
14 joint return.

15 I. A taxpayer may be allocated the right to claim a  
16 new solar market development income tax credit in proportion to  
17 the taxpayer's ownership interest if the taxpayer owns an  
18 interest in a business entity that is taxed for federal income  
19 tax purposes as a partnership or limited liability company and  
20 that business entity has met all of the requirements to be  
21 eligible for the credit. The total credit claimed by all  
22 members of the partnership or limited liability company shall  
23 not exceed the allowable credit pursuant to this section.

24 J. The energy, minerals and natural resources  
25 department shall adopt rules establishing procedures to provide

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

10 K. A taxpayer allowed a tax credit pursuant to this  
11 section shall report the amount of the credit to the taxation  
12 and revenue department in a manner required by that department.

13 L. The taxation and revenue department shall  
14 compile an annual report on the new solar market development  
15 income tax credit that shall include the number of taxpayers  
16 approved by the department to receive the credit, the aggregate  
17 amount of credits approved and any other information necessary  
18 to evaluate the credit. The department shall present the  
19 report to the revenue stabilization and tax policy committee  
20 and the legislative finance committee with an analysis of the  
21 cost of the tax credit and whether the tax credit is performing  
22 the purpose for which it was created.

23 M. As used in this section:

24 (1) "photovoltaic system" means an energy  
25 system that collects or absorbs sunlight for conversion into

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electricity; and

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

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