

HOUSE BILL 187

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

Joanne J. Ferrary

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO TAXATION; CREATING THE SCHOOL SOLAR INCOME TAX CREDIT.

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

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

"NEW MATERIAL SCHOOL SOLAR INCOME TAX CREDIT.--

A. For taxable years prior to January 1, 2036, a

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taxpayer who is not a dependent of another individual and who, on or after the effective date of this section HENRC→, ~~purchases and~~←HENRC installs a photovoltaic system on school property for the purpose of providing electricity to a school building in New Mexico may apply for, and the department may allow, a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount provided in Subsection B of this section. The tax credit provided by this section may be referred to as the "school solar income tax credit".

B. The amount of tax credit that may be allowed shall be in an amount equal to forty percent of all costs necessary to HENRC→~~purchase and~~←HENRC install a photovoltaic system, including engineering, permitting, interconnection, support structure, racking, batteries, subcontracting costs and other costs necessary to install a photovoltaic system on school property. A tax credit shall be allowed only for photovoltaic systems certified pursuant to Subsection C of this section.

C. A taxpayer shall apply for certification of eligibility for the tax credit from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. The total aggregate amount of credits that may be certified as eligible is two hundred four million dollars (\$204,000,000). Applications for certification

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received after this amount is reached shall not be approved. The application shall include proof of HENRC→purchase and←HENRC installation of a photovoltaic system on a school property, proof that the system meets technical specifications and requirements relating to safety, code and standards compliance, system applications appropriate to the school and lists of eligible components and any additional information that the energy, minerals and natural resources department may require to determine eligibility for the credit. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of the school solar income tax credit for which the taxpayer is eligible and the taxable year in which the credit may be claimed. A certificate of eligibility for the tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.

D. A taxpayer may claim the tax credit for the taxable year in which the photovoltaic system is installed. To receive the tax credit, the taxpayer shall apply to the department on forms required by the department and shall have up to twelve months following the time at which the relevant utility gives permission to operate to apply. The application shall include a certification made pursuant to Subsection C of

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this section.

E. That portion of tax credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

F. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the tax credit that would have been claimed on a joint return.

G. A taxpayer may be allocated the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

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

I. The department shall compile an annual report on the tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of the credits approved and any other information necessary to evaluate the credit. The department shall present

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the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the cost of the tax credit.

J. As used in this section:

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

(2) "school" means that part of a school district that is a single attendance center in which instruction is offered by one or more teachers and is discernible as a building or group of buildings generally recognized as either an elementary, middle, junior high or high school or any combination of those and includes a charter school; and

(3) "school property" means a school district pursuant to the Public School Code."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2024.