

SENATE BILL 55

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; INCREASING THE AMOUNT OF THE NEW SOLAR
MARKET DEVELOPMENT INCOME TAX CREDIT.

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

SECTION 1. Section 7-2-18.31 NMSA 1978 (being Laws 2020,
Chapter 13, Section 1, as amended) is amended to read:

"7-2-18.31. NEW SOLAR MARKET DEVELOPMENT INCOME TAX
CREDIT.--

A. For taxable years ending prior to January 1,
2032, a taxpayer who is not a dependent of another individual
and who, on or after March 1, [2020] 2026, purchases and
installs a solar thermal system or a photovoltaic system in a
residence, business or agricultural enterprise in New Mexico
owned by that taxpayer or by a federally recognized Indian
nation, tribe or pueblo and held in leasehold by that taxpayer

1 may claim, and the department may allow, a credit against the
2 taxpayer's tax liability imposed pursuant to the Income Tax Act
3 in an amount provided in Subsection C of this section. The tax
4 credit provided by this section may be referred to as the "new
5 solar market development income tax credit".

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

10 C. The department may allow a new solar market
11 development income tax credit of [~~ten~~] thirty percent of the
12 purchase and installation costs of a solar thermal or
13 photovoltaic system.

14 D. The new solar market development income tax
15 credit shall not exceed [~~six thousand dollars (\$6,000)~~] fifteen
16 thousand dollars (\$15,000) per taxpayer per taxable year. The
17 department shall allow a tax credit only for solar thermal and
18 photovoltaic systems certified pursuant to Subsection E of this
19 section.

20 E. Subject to the limitation provided in Subsection
21 F of this section, a taxpayer shall apply for certification of
22 eligibility for the new solar market development income tax
23 credit from the energy, minerals and natural resources
24 department on forms and in the manner prescribed by that
25 department. Completed applications shall be considered in the

1 order received. The application shall include proof of
2 purchase and installation of a solar thermal or photovoltaic
3 system, that the system meets 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 and
7 any additional information that the energy, minerals and
8 natural resources department may require to determine
9 eligibility for the credit. A dated certificate of eligibility
10 shall be issued to the taxpayer providing the amount of the new
11 solar market development income tax credit for which the
12 taxpayer is eligible and the taxable year in which the credit
13 may be claimed. A certificate of eligibility for a new solar
14 market development income tax credit may be sold, exchanged or
15 otherwise transferred to another taxpayer for the full value of
16 the credit. The parties to such a transaction shall notify the
17 department of the sale, exchange or transfer within ten days of
18 the sale, exchange or transfer. The energy, minerals and
19 natural resources department shall provide the department
20 appropriate information for all certificates of eligibility in
21 a secure manner on regular intervals agreed upon by both
22 departments.

23 F. The annual aggregate amount of credits that may
24 be certified pursuant to Subsection E of this section in a
25 calendar year is ~~[as follows]~~ thirty million dollars

1 (\$30,000,000), and applications for certification received
2 after ~~[these limitations have]~~ this limitation has been met
3 shall not be approved.

4 ~~[(1) for calendar years 2020 through 2023,~~
5 ~~twelve million dollars (\$12,000,000) for each calendar year;~~
6 ~~provided that if this limitation has been met for any of those~~
7 ~~calendar years, an additional total of twenty million dollars~~
8 ~~(\$20,000,000) in credits may be certified for all of those~~
9 ~~calendar years; and provided further that credits certified~~
10 ~~pursuant to this paragraph shall be claimed only for taxable~~
11 ~~year 2023; and~~

12 ~~(2) for calendar years 2024 and thereafter,~~
13 ~~thirty million dollars (\$30,000,000) for each calendar year.]~~

14 G. A taxpayer may claim a new solar market
15 development income tax credit for the taxable year in which the
16 taxpayer purchases and installs a solar thermal or photovoltaic
17 system. To receive a new solar market development income tax
18 credit, a taxpayer shall claim the credit on forms and in the
19 manner prescribed by the department within twelve months
20 following the calendar year in which the system was installed
21 ~~[provided that, for a taxpayer who receives a certificate of~~
22 ~~eligibility pursuant to Paragraph (1) of Subsection F of this~~
23 ~~section, the taxpayer shall apply to the department within~~
24 ~~twelve months following the calendar year in which the~~
25 ~~certification is made]~~. The claim shall include a

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1 certification made pursuant to Subsection E of this section.

2 H. That portion of a new solar market development
3 income tax credit that exceeds a taxpayer's tax liability in
4 the taxable year in which the credit is claimed shall be
5 refunded to the taxpayer.

6 I. Married individuals filing separate returns for
7 a taxable year for which they could have filed a joint return
8 may each claim only one-half of the new solar market
9 development income tax credit that would have been claimed on a
10 joint return.

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

20 K. A taxpayer allowed a tax credit pursuant to this
21 section shall claim the credit on forms and in a manner
22 required by the department.

23 L. The tax credit provided by this section shall be
24 included in the tax expenditure budget pursuant to Section
25 7-1-84 NMSA 1978, including the annual aggregate cost of the

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1 tax credit.

2 M. As used in this section:

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

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

10 SECTION 2. APPLICABILITY.--The provisions of this act
11 apply to taxable years beginning on or after January 1, 2026.

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