

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

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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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