

SENATE FINANCE COMMITTEE SUBSTITUTE FOR  
SENATE BILL 387

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF CHAPTER 7,  
ARTICLE 36 NMSA 1978 TO PROVIDE FOR VALUATION OF BIOMASS AND  
GEOHERMAL GENERATION EQUIPMENT THAT IS SUBJECT TO PROPERTY  
TAXATION AND THAT IS USED FOR GENERATION, TRANSMISSION OR  
DISTRIBUTION OF ELECTRIC POWER OR ENERGY.

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

SECTION 1. A new section of Chapter 7, Article 36 NMSA  
1978 is enacted to read:

"~~[NEW MATERIAL]~~ METHOD OF VALUATION--BIOMASS AND  
GEOHERMAL GENERATION EQUIPMENT--PROPERTY USED FOR GENERATION,  
TRANSMISSION OR DISTRIBUTION OF ELECTRIC POWER OR ENERGY.--

A. Property that is biomass or geothermal  
generation equipment used for generation, transmission or  
distribution of electric power or energy subject to valuation

.193933.1

underscored material = new  
[bracketed material] = delete

1 for property taxation purposes shall be valued in taxable years  
2 beginning on or after January 1, 2014 through December 31, 2028  
3 as follows:

4 (1) the department shall determine the actual  
5 cost of construction of the biomass or geothermal generation  
6 equipment;

7 (2) the actual cost of construction shall then  
8 be reduced by the amount of the federal investment tax credit  
9 claimed, if any, associated with purchase of the biomass or  
10 geothermal equipment;

11 (3) the amount determined in Paragraph (2) of  
12 this subsection shall be reduced by depreciation using a  
13 twenty-year useful life and for any other justifiable factors;  
14 and

15 (4) the value for property taxation purposes  
16 shall not be less than twenty percent of the amount determined  
17 in Paragraph (2) of this subsection.

18 B. The department shall adopt rules to implement  
19 the provisions of this section.

20 C. As used in this section:

21 (1) "biomass generation equipment" means  
22 cultivation and harvesting equipment or other feedstock  
23 harvesting equipment and conversion equipment and systems and  
24 related equipment used to generate electricity or energy out of  
25 biomass; and

.193933.1

1                   (2) "geothermal generation equipment" means  
2 heat exchangers, turbines and associated electrical generating  
3 equipment and related equipment used to generate electricity  
4 from geothermal energy, cooling towers, wells, pumps, gathering  
5 systems and related tangible and intangible drilling costs  
6 incurred to produce, distribute or use energy derived from a  
7 geothermal deposit.

8                   D. The department shall compile an annual report  
9 for the revenue stabilization and tax policy committee that  
10 sets forth the number of taxpayers approved to receive the  
11 biomass or geothermal generation equipment valuations provided  
12 in this section. The department shall advise the committee at  
13 least every three years beginning in 2015 whether this  
14 valuation provision is performing the purpose for which it was  
15 created.

16                   E. Acceptance of the biomass or geothermal  
17 generation equipment valuation for property tax purposes is  
18 authorization to the department to reveal the amount of the  
19 valuation claimed by the taxpayer and other information from  
20 the taxpayer's tax reports as needed to report fully as  
21 required by this section to the revenue stabilization and tax  
22 policy committee of the legislature."