

HOUSE BILL 221

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

INTRODUCED BY

Matthew McQueen

Pursuant to House Rule 24-1, this document incorporates amendments that have been adopted prior to consideration of this measure by the House. It is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO TAXATION; CREATING THE HOME ENERGY EFFICIENCY
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] HOME ENERGY EFFICIENCY INCOME TAX
CREDIT.--

A. Prior to January 1, 2025, a taxpayer who is not
a dependent of another individual, who makes energy efficiency

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improvements to the taxpayer's New Mexico home, as certified by a qualified assessor who has no relationship to the taxpayer or the contractor making the energy efficiency improvements and is approved by the energy, minerals and natural resources department, and who meets the requirements of this section may apply for, and the taxation and revenue department may allow, a one-time tax credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act. The tax credit provided by this section may be referred to as the "home energy efficiency income tax credit".

B. A taxpayer who is allowed a credit pursuant to Section 7-2-18.14 NMSA 1978 in a taxable year shall not be allowed a home energy efficiency income tax credit in the same taxable year.

C. The amount of a home energy efficiency income tax credit shall be in the following amounts if, as certified pursuant to Subsection G of this section, the energy efficiency of a taxpayer's New Mexico home is improved by:

- (1) at least twenty percent and less than thirty percent, two thousand dollars (\$2,000);
- (2) at least thirty percent and less than forty percent, three thousand dollars (\$3,000); and
- (3) at least forty percent, four thousand dollars (\$4,000).

D. For credits claimed beginning January 1, 2020

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and prior to January 1, 2023, the department may allow a maximum annual aggregate of one million dollars (\$1,000,000) in home energy efficiency income tax credits per calendar year. For credits claimed beginning January 1, 2023 and prior to January 1, 2025, the department may allow a maximum annual aggregate of two million dollars (\$2,000,000) in home energy efficiency income tax credits per calendar year. Completed applications for the tax credit shall be considered in the order received by the department. A taxpayer who applies for a tax credit but is unable to receive the tax credit because the applications for the year exceed the limitation provided in this subsection shall be placed at the front of a queue of tax credit applicants in the subsequent calendar year.

E. A taxpayer who claims a home energy efficiency income tax credit shall claim the credit:

(1) for the taxable year in which the taxpayer makes energy efficiency improvements to the taxpayer's New Mexico home; and

(2) no later than one year following the end of the calendar year in which the energy efficiency improvements are made.

F. If a portion of a home energy efficiency income tax credit exceeds a taxpayer's income tax liability in a taxable year, the excess shall be refunded to the taxpayer.

G. To be eligible for a home energy efficiency

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income tax credit, a taxpayer shall have made energy efficiency improvements to the taxpayer's New Mexico home that increase the energy efficiency of the New Mexico home by at least twenty percent. To determine if the improvements have increased the New Mexico home's energy efficiency, the taxpayer shall have an inspection made of the New Mexico home prior to and after when the energy efficiency improvements are made by a disinterested third-party assessor who is approved by the energy, minerals and natural resources department. The taxpayer shall be responsible for the costs of the inspection. If the energy efficiency improvements have increased the energy efficiency of the New Mexico home by at least twenty percent, the energy, minerals and natural resources department shall provide a certificate to the taxpayer indicating the amount of increase.

H. To receive a home energy efficiency income tax credit, a taxpayer shall apply to the department on forms and in the manner prescribed by the department. The application shall include a certification made pursuant to Subsection G of this section.

I. The energy, minerals and natural resources department shall adopt rules HENRC→, using a state or nationally recognized energy efficiency program, ←HENRC establishing:

(1) procedures for certification of the increase in energy efficiency of a New Mexico home for purposes

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of obtaining a home energy efficiency income tax credit;

(2) procedures and qualifications for persons for measuring the energy efficiency in a taxpayer's New Mexico home; and

HENRC→~~(3) procedures for measuring ventilation requirements and combustion safety.~~←HENRC

HENRC→(3) procedures for combustion and ventilation safety using nationally recognized requirements.←HENRC

J. 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 home energy efficiency income tax credit that would have been claimed on a joint return.

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

L. The department shall compile an annual report on the home energy efficiency income tax credit that shall include the number of taxpayers approved by the department to receive the tax credit, the aggregate amount of tax credits approved and any other information necessary to evaluate the tax credit. For each year that the tax credit is in effect, the department shall compile and present the report to the revenue stabilization and tax policy committee and the legislative

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finance committee with an analysis of the cost of the tax credit.

M. As used in this section:

(1) "energy efficiency improvements" means physical changes made to a taxpayer's New Mexico home that increase the energy efficiency of the New Mexico home HENRC→.

"Energy efficiency improvements" does not include improvements paid with federal funds through a federal or state program←HENRC ; and

(2) "New Mexico home" means a detached one- or two-family dwelling or townhouse that:

(a) is not more than three stories in height above grade plane;

(b) has a separate means of egress;

(c) has an initial certificate of occupancy that was issued at least ten years prior to when installation of the energy efficiency improvements is begun;

(d) is in the state of New Mexico; and

(e) is the primary residence of a taxpayer who claims a home energy efficiency income tax credit."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after HENRC→January 1, 2019←HENRC HENRC→January 1, 2020←HENRC .