

LFC Requester: Graeser



PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2025 REGULAR SESSION

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: 01/31 /25  
Bill No: HB213

**Agency Name and Code:** PED - 924

**Sponsor:** Ferrary/Cates/Sarinana

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**Short Title:** SCHOOL SOLAR TAX CREDITS

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	N/A	NFA

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
Undetermined	Undetermined	Undetermined	N/A	GF

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	N/A	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: House Bill 141, the current version of the General Appropriation Act, proposes an appropriation of \$700 thousand from the general fund to the Public Regulation Commission for the administration of the Community Solar Program.

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 213 (HB213) proposes new sections of the Income Tax Act and the Corporate Income and Franchise Tax Act to create two new tax credits – the School Solar Income Tax Credit and the School Solar Corporate Tax Credit, respectively. The new tax credits would allow a taxpayer to claim a 40 percent tax credit for taxable years prior to January 1, 2037, for installation of a photovoltaic system on public school property or the property of a public post-secondary educational institution for the purpose of providing electricity to the school’s or educational institution’s buildings in New Mexico.

The Energy, Minerals, and Natural Resources Department (EMNRD) would promulgate rules certifying eligibility of tax credit and transfer of credits. The total aggregate amount for both school solar tax credits is \$300 million, and the maximum that may be certified for a calendar year prior to 2028 is \$100 million. If a taxpayer applies for and meets criteria for the credit, but the maximum aggregate amount of credits has already been certified for a calendar year, the taxpayer will receive a certificate of eligibility for the next taxable year in which there are available certifications.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them unless a later date is specified. If enacted, this bill would become effective June 20, 2025. The provisions of the bill would apply to taxable years on or after January 1, 2025.

### **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

Tax credits reduce the amount of revenue generated by the state from taxes. The impact of this bill on state tax revenue is undetermined.

This bill incentivizes investment in photovoltaic systems which, once installed, would generate electricity for public schools, reducing overall operating expenditures and allowing a greater percentage of school budgets to be expended for other purposes, such as direct instruction.

### **SIGNIFICANT ISSUES**

According to the U.S. Department of Energy, K-12 school districts spend nearly [\\$8 billion](#) annually on energy costs, the second largest expense after teacher salaries.

The number of solar-powered schools more than doubled from 3,727 to 8,971 schools in 2024, at least partially due to falling costs of solar panel systems and increasing availability of federal funding like the [Inflation Reduction Act](#) . Solar panels are supporting schools by redirecting energy costs into teacher salaries, infrastructure upgrades, and preparing students for careers in clean energy.

## **PERFORMANCE IMPLICATIONS**

None.

## **ADMINISTRATIVE IMPLICATIONS**

None for the Public Education Department.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to:

- House Bill 45, Renewable Energy Production Tax Credit, which proposes an excise tax on electricity generated from renewable resources, to be distributed to the Severance Tax Permanent Fund.
- House Bill 51, Energy Storage System Income Tax Credit, which proposes a tax credit for consumers who purchase and install an energy storage system for their residential or business property.
- House Bill 128, NMFA Local Solar Access Fund, which proposes the fund in the New Mexico Finance Authority to provide grants for solar energy systems.
- House Bill 159, which proposes developers or owners of renewable energy projects to notify the chair of the Military Base Planning Commission of a proposed construction submitted to the Federal Aviation and Installation Assurance Siting Clearinghouse for approval.
- House Bill 211, Solar Market Tax Credit Changes, which proposes to increase the tax credit for solar systems that have at least 15 kilowatt-hours of storage capacity.
- Senate Bill 65, Consumer Solar Protection Act, which proposes the Act and provides for finance contracts.
- Senate Bill 98, Prohibit Certain Solar Covenants, which proposes to bar covenants and restrictions that increase the purchase cost of solar collectors by more than ten percent or \$1,500 or reduce the efficiency of a collector by more than ten percent.
- Senate Bill 125, School Building System Innovation Project, which proposes grant assistance for the replacement of heating, ventilation, air conditioning, and electrical distribution systems to extend the life of a school building and promote student health and safety.
- Senate Bill 188, Rooftop Solar Panel Installation Complaints, which proposes to create a link on the Energy, Minerals, and Natural Resources Department website to the New Mexico Department of Justice website to display consumer complaints filed against rooftop solar panel installers.

## **TECHNICAL ISSUES**

None.

## **OTHER SUBSTANTIVE ISSUES**

None.

**ALTERNATIVES**

None.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

**AMENDMENTS**

None.