

1 SENATE BILL 121

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

3 INTRODUCED BY

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5 Leo Jaramillo and Siah Correa Hemphill
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10 AN ACT

11 RELATING TO TAXATION; AMENDING OWNERSHIP ELIGIBILITY
12 REQUIREMENTS FOR THE NEW SOLAR MARKET DEVELOPMENT INCOME TAX
13 CREDIT; INCREASING THE ANNUAL AGGREGATE AMOUNT OF CREDITS THAT
14 MAY BE CERTIFIED IN CERTAIN CALENDAR YEARS.
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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

19 "7-2-18.31. NEW SOLAR MARKET DEVELOPMENT INCOME TAX
20 CREDIT.--

21 A. For taxable years prior to January 1, 2032, a
22 taxpayer who is not a dependent of another individual and who,
23 on or after March 1, 2020, purchases and installs a solar
24 thermal system or a photovoltaic system in a residence,
25 business or agricultural enterprise in New Mexico owned by that

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1 taxpayer or by a federally recognized Indian nation, tribe or
2 pueblo and held in leasehold by that taxpayer may apply for,
3 and the department may allow, a credit against the taxpayer's
4 tax liability imposed pursuant to the Income Tax Act in an
5 amount provided in Subsection C of this section. The tax
6 credit provided by this section may be referred to as the "new
7 solar market development income tax credit".

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

12 C. The department may allow a new solar market
13 development income tax credit of ten percent of the purchase
14 and installation costs of a solar thermal or photovoltaic
15 system.

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

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

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1 department. ~~[The aggregate amount of credits that may be~~
2 ~~certified as eligible in any calendar year is twelve million~~
3 ~~dollars (\$12,000,000).]~~ Completed applications shall be
4 considered in the order received. ~~[Applications for~~
5 ~~certification received after this limitation has been met in a~~
6 ~~calendar year shall not be approved.]~~ The application shall
7 include proof of purchase and installation of a solar thermal
8 or photovoltaic system, that the system meets technical
9 specifications and requirements relating to safety, code and
10 standards compliance, solar collector orientation and sun
11 exposure, minimum system sizes, system applications and lists
12 of eligible components and any additional information that the
13 energy, minerals and natural resources department may require
14 to determine eligibility for the credit. A dated certificate
15 of eligibility shall be issued to the taxpayer providing the
16 amount of the new solar market development income tax credit
17 for which the taxpayer is eligible and the taxable year in
18 which the credit may be claimed. A certificate of eligibility
19 for a new solar market development income tax credit may be
20 sold, exchanged or otherwise transferred to another taxpayer
21 for the full value of the credit. The parties to such a
22 transaction shall notify the department of the sale, exchange
23 or transfer within ten days of the sale, exchange or transfer.

24 F. The aggregate amount of credits that may be
25 certified pursuant to Subsection E of this section is as

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1 follows, and applications for certification received after
2 these limitations have been met shall not be approved:

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

11 (2) for calendar years 2024 and thereafter,
12 thirty million dollars (\$30,000,000).

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

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

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

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

20 ~~[J.]~~ K. A taxpayer allowed a tax credit pursuant to
21 this section shall report the amount of the credit to the
22 taxation and revenue department in a manner required by that
23 department.

24 ~~[K.]~~ L. The taxation and revenue department shall
25 compile an annual report on the new solar market development

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1 income tax credit that shall include the number of taxpayers
2 approved by the department to receive the credit, the aggregate
3 amount of credits approved and any other information necessary
4 to evaluate the credit. The department shall present the
5 report to the revenue stabilization and tax policy committee
6 and the legislative finance committee with an analysis of the
7 cost of the tax credit.

8 ~~[E.]~~ M. As used in this section:

9 (1) "photovoltaic system" means an energy
10 system that collects or absorbs sunlight for conversion into
11 electricity; and

12 (2) "solar thermal system" means an energy
13 system that collects or absorbs solar energy for conversion
14 into heat for the purposes of space heating, space cooling or
15 water heating."

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