

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 211

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

AN ACT

RELATING TO TAXATION; AMENDING THE ELIGIBILITY AND APPLICATION  
REQUIREMENTS OF THE NEW SOLAR MARKET DEVELOPMENT INCOME TAX  
CREDIT; INCREASING THE AMOUNT OF CREDIT ALLOWED FOR SOLAR  
SYSTEMS WITH AT LEAST FIFTEEN KILOWATT-HOURS OF STORAGE  
CAPACITY; CREATING THE NEW SOLAR MARKET DEVELOPMENT CORPORATE  
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 prior to January 1, 2032, a  
taxpayer who is not a dependent of another individual and who  
[on or after March 1, 2020] purchases and installs a solar

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underscoring material = new  
[bracketed material] = delete

1 thermal system or a photovoltaic system in a residence,  
2 business or agricultural enterprise in New Mexico owned by that  
3 taxpayer or by a federally recognized Indian nation, tribe or  
4 pueblo and held in leasehold by that taxpayer, or a taxpayer  
5 who is not a dependent of another individual and who installs a  
6 photovoltaic system on a property in New Mexico and sells  
7 electricity from that system pursuant to a power purchase  
8 agreement to the owner or occupant of that property, may apply  
9 for, and the department may allow, a credit against the  
10 taxpayer's tax liability imposed pursuant to the Income Tax Act  
11 in an amount provided in Subsection C of this section. The tax  
12 credit provided by this section may be referred to as the "new  
13 solar market development income tax credit".

14 B. The purpose of the new solar market development  
15 income tax credit is to encourage the installation of solar  
16 thermal and photovoltaic systems in residences, businesses,  
17 nonprofit organizations and agricultural enterprises.

18 C. The department may allow a new solar market  
19 development income tax credit of ten percent of the purchase  
20 and installation costs of a solar thermal or photovoltaic  
21 system or twenty percent of the purchase and installation costs  
22 of a photovoltaic system that has at least fifteen kilowatt-  
23 hours of solar storage capacity.

24 D. The new solar market development income tax  
25 credit shall not exceed six thousand dollars (\$6,000) per

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1 ~~[taxpayer]~~ property per taxable year, unless the tax credit is  
 2 for a photovoltaic system that has at least fifteen kilowatt-  
 3 hours of solar storage capacity, in which case the tax credit  
 4 shall not exceed twelve thousand dollars (\$12,000) per property  
 5 per taxable year. The department shall allow a tax credit only  
 6 for solar thermal and photovoltaic systems certified pursuant  
 7 to Subsection E of this section.

8 E. Subject to the limitation provided in Subsection  
 9 F of this section, a taxpayer shall apply for certification of  
 10 eligibility for the new solar market development income tax  
 11 credit from the energy, minerals and natural resources  
 12 department on forms and in the manner prescribed by that  
 13 department. Completed applications shall be considered in the  
 14 order received. The application shall include proof of  
 15 purchase and installation of a solar thermal or photovoltaic  
 16 system, that the system meets technical specifications and  
 17 requirements relating to safety, code and standards compliance,  
 18 that the system has passed inspection by an inspector certified  
 19 by the political subdivision of the state in which the system  
 20 is located, if required by that political subdivision, a power  
 21 purchase agreement, if applicable, solar collector orientation  
 22 and sun exposure, minimum system sizes, system applications and  
 23 lists of eligible components and any additional information  
 24 that the energy, minerals and natural resources department may  
 25 require to determine eligibility for the credit. A dated

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1 certificate of eligibility shall be issued to the taxpayer  
2 providing the amount of the new solar market development income  
3 tax credit for which the taxpayer is eligible and the taxable  
4 year in which the credit may be claimed. The energy, minerals  
5 and natural resources department shall regularly provide the  
6 department with electronically issued certificates of  
7 eligibility at agreed-upon intervals. A certificate of  
8 eligibility for a new solar market development income tax  
9 credit may be sold, exchanged or otherwise transferred to  
10 another taxpayer for the ~~[full value]~~ entire amount of the  
11 credit. The parties to such a transaction shall notify the  
12 department of the sale, exchange or transfer within ten days of  
13 the sale, exchange or transfer. Nothing in this section  
14 prohibits the sale, exchange or transfer from being agreed upon  
15 before the installation is made.

16 F. The aggregate amount of credits that may be  
17 certified ~~[pursuant to Subsection E of this section]~~ in a  
18 calendar year is as follows ~~[and applications for certification~~  
19 ~~received after these limitations have been met shall not be~~  
20 ~~approved]:~~

21 (1) pursuant to Subsection E of this section,  
22 for calendar years 2020 through 2023, twelve million dollars  
23 (\$12,000,000) for each calendar year; provided that if this  
24 limitation has been met for any of those calendar years, an  
25 additional total of twenty million dollars (\$20,000,000) in

1 credits may be certified for all of those calendar years; and  
 2 provided further that credits certified pursuant to this  
 3 paragraph shall be claimed only for taxable year 2023; and

4 (2) pursuant to Subsection E of this section  
 5 and Subsection D of Section 2 of this 2025 act, for calendar  
 6 years 2024 and thereafter, thirty million dollars  
 7 (\$30,000,000); provided that not more than three million  
 8 dollars (\$3,000,000) shall be certified for a commercial  
 9 property in a calendar year unless, by December 31 of that  
 10 year, the thirty-million-dollar (\$30,000,000) aggregate limit  
 11 has not been reached. If a taxpayer applies for and meets the  
 12 requirements for the tax credit but the maximum aggregate  
 13 amount of credits has been certified for that taxable year, the  
 14 energy, minerals and natural resources department shall issue  
 15 the taxpayer a certificate of eligibility for the next taxable  
 16 year in which there are available certifications.

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

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1 ~~section, the taxpayer shall apply to the department within~~  
2 ~~twelve months following the calendar year in which the~~  
3 ~~certification is made].~~ The application shall include a  
4 certification made pursuant to Subsection E of this section.

5 H. That portion of a new solar market development  
6 income tax credit that exceeds a taxpayer's tax liability in  
7 the taxable year in which the credit is claimed shall be  
8 refunded to the taxpayer.

9 I. Married individuals filing separate returns for  
10 a taxable year for which they could have filed a joint return  
11 may each claim only one-half of the new solar market  
12 development income tax credit that would have been claimed on a  
13 joint return.

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

23 K. A taxpayer allowed a tax credit pursuant to this  
24 section shall report the amount of the credit to the taxation  
25 and revenue department in a manner required by that department.

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1           L. ~~The [taxation and revenue department shall~~  
 2 ~~compile an annual report on the new solar market development~~  
 3 ~~income tax credit that shall include] credit provided by this~~  
 4 ~~section shall be included in the tax expenditure budget~~  
 5 ~~pursuant to Section 7-1-84 NMSA 1978, including the total~~  
 6 ~~annual aggregate cost of the credit, the number of taxpayers~~  
 7 ~~approved by the department to receive the credit, the aggregate~~  
 8 ~~amount of credits approved and any other information necessary~~  
 9 ~~to evaluate the credit. [The department shall present the~~  
 10 ~~report to the revenue stabilization and tax policy committee~~  
 11 ~~and the legislative finance committee with an analysis of the~~  
 12 ~~cost of the tax credit.]~~

13           M. A taxpayer who is provided a certificate of  
 14 eligibility or claims a tax credit for a solar or photovoltaic  
 15 system provided by another section of the Income Tax Act shall  
 16 not be eligible for the tax credit provided by this section for  
 17 the same solar or photovoltaic system.

18           [M.] N. As used in this section:

19                   (1) "photovoltaic system" means an energy  
 20 system that collects or absorbs sunlight for conversion into  
 21 electricity; and

22                   (2) "solar thermal system" means an energy  
 23 system that collects or absorbs solar energy for conversion  
 24 into heat for the purposes of space heating, space cooling or  
 25 water heating."

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1           SECTION 2. A new section of the Corporate Income and  
2 Franchise Tax Act is enacted to read:

3           "[NEW MATERIAL] NEW SOLAR MARKET DEVELOPMENT CORPORATE  
4 INCOME TAX CREDIT.--

5           A. For taxable years prior to January 1, 2032, a  
6 taxpayer that purchases and installs a solar thermal system or  
7 a photovoltaic system in a business or agricultural enterprise  
8 in New Mexico owned by that taxpayer or by a federally  
9 recognized Indian nation, tribe or pueblo and held in leasehold  
10 by that taxpayer, or a taxpayer that installs a photovoltaic  
11 system on a property in New Mexico and sells electricity from  
12 that system pursuant to a power purchase agreement to the owner  
13 or occupant of that property, may apply for, and the department  
14 may allow, a credit against the taxpayer's tax liability for  
15 that taxable year imposed pursuant to the Corporate Income and  
16 Franchise Tax Act in an amount provided in Subsection B of this  
17 section. The tax credit provided by this section may be  
18 referred to as the "new solar market development corporate  
19 income tax credit".

20           B. The department may allow a new solar market  
21 development corporate income tax credit of ten percent of the  
22 purchase and installation costs of a solar thermal or  
23 photovoltaic system or twenty percent of the purchase and  
24 installation costs of a photovoltaic system that has at least  
25 fifteen kilowatt-hours of solar storage capacity.

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1           C. The new solar market development corporate  
2 income tax credit shall not exceed six thousand dollars  
3 (\$6,000) per property per taxable year, unless the tax credit  
4 is for a photovoltaic system that has at least fifteen  
5 kilowatt-hours of solar storage capacity, in which case the tax  
6 credit shall not exceed twelve thousand dollars (\$12,000) per  
7 property per taxable year. The department shall allow a tax  
8 credit only for solar thermal and photovoltaic systems  
9 certified pursuant to Subsection D of this section.

10           D. Subject to the limitation provided in Subsection  
11 E of this section, a taxpayer shall apply for certification of  
12 eligibility for the new solar market development corporate  
13 income tax credit from the energy, minerals and natural  
14 resources department on forms and in the manner prescribed by  
15 that department. Completed applications shall be considered in  
16 the order received. The application shall include proof of  
17 purchase and installation of a solar thermal or photovoltaic  
18 system, that the system meets technical specifications and  
19 requirements relating to safety, code and standards compliance,  
20 that the system has passed inspection by an inspector certified  
21 by the political subdivision of the state in which the system  
22 is located, if required by that political subdivision, a power  
23 purchase agreement, if applicable, solar collector orientation  
24 and sun exposure, minimum system sizes, system applications and  
25 lists of eligible components and any additional information

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1 that the energy, minerals and natural resources department may  
2 require to determine eligibility for the credit. A dated  
3 certificate of eligibility shall be issued to the taxpayer  
4 providing the amount of the new solar market development  
5 corporate income tax credit for which the taxpayer is eligible  
6 and the taxable year in which the credit may be claimed. The  
7 energy, minerals and natural resources department shall  
8 regularly provide the department with electronically issued  
9 certificates of eligibility at agreed-upon intervals. A  
10 certificate of eligibility for a new solar market development  
11 corporate income tax credit may be sold, exchanged or otherwise  
12 transferred to another taxpayer for the entire amount of the  
13 credit. The parties to such a transaction shall notify the  
14 department of the sale, exchange or transfer within ten days of  
15 the sale, exchange or transfer. Nothing in this section  
16 prohibits the sale, exchange or transfer from being agreed upon  
17 before the installation is made.

18 E. The aggregate amount of credits that may be  
19 certified pursuant to Subsection D of this section and  
20 Subsection E of Section 7-2-18.31 NMSA 1978 is thirty million  
21 dollars (\$30,000,000); provided that not more than three  
22 million dollars (\$3,000,000) shall be certified for a  
23 commercial property in a calendar year unless, by December 31  
24 of that year, the thirty-million-dollar (\$30,000,000) aggregate  
25 limit has not been reached. If a taxpayer applies for and

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1 meets the requirements for the tax credit but the maximum  
2 aggregate amount of credits has been certified for that taxable  
3 year, the energy, minerals and natural resources department  
4 shall issue the taxpayer a certificate of eligibility for the  
5 next taxable year in which there are available certifications.

6 F. A taxpayer may claim a new solar market  
7 development corporate income tax credit for the taxable year in  
8 which the taxpayer purchases and installs a solar thermal or  
9 photovoltaic system. To receive a new solar market development  
10 corporate income tax credit, a taxpayer shall apply to the  
11 department on forms and in the manner prescribed by the  
12 department within twelve months following the calendar year in  
13 which the system was installed. The application shall include  
14 a certification made pursuant to Subsection D of this section.

15 G. That portion of a new solar market development  
16 corporate income tax credit that exceeds a taxpayer's tax  
17 liability in the taxable year in which the credit is claimed  
18 shall be refunded to the taxpayer.

19 H. A taxpayer allowed a tax credit pursuant to this  
20 section shall report the amount of the credit to the taxation  
21 and revenue department in a manner required by that department.

22 I. The credit provided by this section shall be  
23 included in the tax expenditure budget pursuant to Section  
24 7-1-84 NMSA 1978, including the total annual aggregate cost of  
25 the credit, the number of taxpayers approved by the department

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1 to receive the credit, the aggregate amount of credits approved  
2 and any other information necessary to evaluate the credit.

3 J. A taxpayer that is provided a certificate of  
4 eligibility or claims a tax credit for a solar or photovoltaic  
5 system provided by another section of the Corporate Income and  
6 Franchise Tax Act shall not be eligible for the tax credit  
7 provided by this section for the same solar or photovoltaic  
8 system.

9 K. As used in this section:

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

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

17 **SECTION 3. APPLICABILITY.**--The provisions of this act  
18 apply to the purchase and installation of a solar thermal  
19 system or a photovoltaic system in taxable years beginning on  
20 or after January 1, 2025.