

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 64

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

Carl Trujillo

AN ACT

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

A. Prior to January 1, 2022, a taxpayer who is not
a dependent of another individual; who makes improvements to
the energy or indoor water use efficiency of the taxpayer's
primary residence, as certified by a qualified assessor
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

.197700.2

underscoring material = new
~~[bracketed material] = delete~~

underscoring material = new
~~[bracketed material] = delete~~

1 one-time tax credit against the taxpayer's tax liability
2 imposed pursuant to the Income Tax Act. The tax credit
3 provided by this section may be referred to as the "home energy
4 and water efficiency income tax credit".

5 B. The purpose of the home energy and water
6 efficiency income tax credit is to increase the efficiency of
7 energy and indoor water use of existing residences in the
8 state.

9 C. A taxpayer who is allowed a home energy and
10 water efficiency income tax credit in a taxable year shall not
11 be allowed a credit pursuant to Section 7-2-18.14 NMSA 1978 in
12 the same taxable year.

13 D. The home energy and water efficiency income tax
14 credit may be allowed as follows:

15 (1) if the energy efficiency of a taxpayer's
16 primary residence is improved by:

17 (a) fifteen percent up to twenty-five
18 percent, one thousand two hundred dollars (\$1,200);

19 (b) twenty-five percent up to thirty-
20 five percent, two thousand five hundred dollars (\$2,500); or

21 (c) thirty-five percent or more, four
22 thousand dollars (\$4,000); and

23 (2) if the efficiency of the indoor water use
24 of a taxpayer's primary residence is improved by:

25 (a) fifteen percent up to twenty-five

.197700.2

underscored material = new
~~[bracketed material] = delete~~

1 percent, five hundred dollars (\$500);

2 (b) twenty-five percent up to thirty-
3 five percent, seven hundred fifty dollars (\$750); or

4 (c) thirty-five percent or more, one
5 thousand dollars (\$1,000).

6 E. For credits claimed beginning January 1, 2016
7 through December 31, 2018, the department may allow a maximum
8 annual aggregate of one million dollars (\$1,000,000) in home
9 energy and water efficiency income tax credits per calendar
10 year. For credits claimed beginning January 1, 2019 through
11 December 31, 2021, the department may allow a maximum annual
12 aggregate of two million dollars (\$2,000,000) in home energy
13 and water efficiency income tax credits per calendar year.
14 Completed applications for the tax credit shall be considered
15 in the order received by the department. A taxpayer who
16 applies for a tax credit but is unable to receive the tax
17 credit because the applications for the year exceed the
18 limitation in this subsection shall be placed at the front of a
19 queue of tax credit applicants in the subsequent calendar year.

20 F. A taxpayer may claim a home energy and water
21 efficiency income tax credit:

22 (1) for the taxable year in which the taxpayer
23 makes improvements to increase the energy or indoor water use
24 efficiency in the taxpayer's primary residence; and

25 (2) no later than one year following the end

.197700.2

underscoring material = new
~~[bracketed material]~~ = delete

1 of the calendar year in which the improvement was made.

2 G. If a portion of a home energy and water
3 efficiency income tax credit exceeds a taxpayer's income tax
4 liability in a taxable year, the excess shall be refunded to
5 the taxpayer.

6 H. To be eligible for a home energy and water
7 efficiency income tax credit, a taxpayer shall have made
8 improvements to the taxpayer's primary residence that increase
9 the energy or indoor water use efficiency of the primary
10 residence by at least fifteen percent. To determine if the
11 improvements have increased the primary residence's energy or
12 indoor water use efficiency, the taxpayer shall have an
13 inspection made of the primary residence by a qualified
14 assessor who is approved by the energy, minerals and natural
15 resources department prior to and after the improvements are
16 made to the primary residence. The taxpayer shall be
17 responsible for the costs of the inspection. If the
18 improvements have increased the energy or indoor water use
19 efficiency of the primary residence by at least fifteen
20 percent, the energy, minerals and natural resources department
21 shall provide a certificate to the taxpayer indicating the
22 amount of increase.

23 I. To receive a home energy and water efficiency
24 income tax credit, a taxpayer shall apply to the department on
25 forms and in the manner prescribed by the department. The

.197700.2

underscoring material = new
~~[bracketed material] = delete~~

1 application shall include a certification made pursuant to
2 Subsection H of this section.

3 J. The energy, minerals and natural resources
4 department shall adopt rules establishing procedures for
5 certification of the increase in energy and indoor water use
6 efficiency of a primary residence for purposes of obtaining a
7 home energy and water efficiency income tax credit. The rules
8 shall address procedures for measuring the energy efficiency in
9 a taxpayer's primary residence using industry standard software
10 programs before and after improvements are made and procedures
11 for making recommendations on what improvements may be made to
12 maximize energy efficiency before improvements are made to the
13 taxpayer's primary residence.

14 K. Married individuals filing separate returns for
15 a taxable year for which they could have filed a joint return
16 may each claim only one-half of the home energy and water
17 efficiency income tax credit that would have been claimed on a
18 joint return.

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

22 M. The department shall compile an annual report on
23 the home energy and water efficiency income tax credit that
24 shall include the number of taxpayers approved by the
25 department to receive the tax credit, the aggregate amount of

.197700.2

underscored material = new
[bracketed material] = delete

1 tax credits approved and any other information necessary to
2 evaluate the effectiveness of the tax credit. Beginning in
3 2018 and every three years thereafter that the tax credit is in
4 effect, the department shall compile and present the annual
5 reports to the revenue stabilization and tax policy committee
6 and the legislative finance committee with an analysis of the
7 effectiveness and cost of the tax credit and whether the tax
8 credit is performing the purpose for which it was created.

9 N. As used in this section:

10 (1) "improvements" means physical changes made
11 to a taxpayer's home that increase the energy and indoor water
12 use efficiency of a taxpayer's primary residence; and

13 (2) "primary residence" means the domicile
14 where a person resides for most of the year, and, if the person
15 is temporarily out of the state, the address where a person
16 will return when the person returns to New Mexico or the
17 address that a person uses for purposes of a driver's license
18 or passport."

19 SECTION 2. APPLICABILITY.--The provisions of this act
20 apply to taxable years beginning on or after January 1, 2015.