

Program Overview:

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| State: | New Mexico |
| Incentive Type: | Personal Tax Credit |
| Eligible Renewable/Other Technologies: | Solar Water Heat, Solar Space Heat, Solar Thermal Process Heat, Photovoltaics, Solar Space Cooling |
| Applicable Sectors: | Commercial, Residential, Agricultural |
| Amount: | 10% of purchase and installation costs |
| Maximum Incentive: | \$9,000 |
| Eligible System Size: | PV: Minimum 100 W (DC) Solar Thermal: Minimum collector area of 15 square feet Solar Water Heat: At least 50% of the total water heating load must be provided by solar energy |
| Equipment Requirements: | Must comply with requirements established in 3.3.28 NMAC (see below); includes requirement for solar water heaters to be SRCC-certified or in the certification process. |
| Carryover Provisions: | Maximum 10-year carryover |
| Program Budget: | \$3 million annually for PV, \$2 million annually for solar thermal |
| Start Date: | 1/1/2009 |
| Expiration Date: | 12/31/2016 |
| Web Site: | http://www.emnrd.state.nm.us/ECMD/CleanEnergyTaxIncentives/SolarT... |
| Authority 1: | NM Stat. § 7-2-18.14 |
| Date Enacted: | 3/6/2006 |
| Date Effective: | 1/1/2006 |
| Expiration Date: | 12/31/2016 |
| Authority 2: | 3.3.28 NMAC (Solar System Certification Requirements) |
| Date Effective: | 7/1/2006 |
| Summary: | |

New Mexico provides a 10% personal income tax credit (up to \$9,000) for residents and businesses (non-corporate), including agricultural enterprises, who purchase and install certified photovoltaic (PV) and solar thermal systems. Eligible systems include grid-tied commercial PV systems, off-grid and grid-tied residential PV systems, and (active) solar hot water or hot air systems. To be eligible, systems must first be certified by the New Mexico Energy, Minerals, and Natural Resources Department. Note that solar pool or hot tub heaters are not eligible for this tax credit.

Credits may be carried forward for a maximum of ten taxable years until fully expended. Aggregate credit levels are capped annually at \$2 million for solar thermal and \$3 million for photovoltaic systems.

These tax credits are set to expire December 31, 2016. A taxpayer who installs a PV system *and* a solar thermal system may be eligible to receive a separate tax credit up to \$9,000 for each system.

All relevant forms are available at the website listed above.

Background

In 2006 New Mexico established a 30% tax credit for solar technologies. The credit was originally designed to leverage and extend, not amplify, the federal solar income tax credits. Prior to the signing of the Energy Improvement and Extension Act of 2008 and the American Recover and Reinvestment Act of 2009, the federal investment tax credit (ITC) for residential solar systems was capped at \$2,000 and set to expire at the end of 2008. New Mexico's Solar Market Development Tax Credit was written so the federal and state tax credits could not exceed 30% *combined*. Effectively, the state credit was designed to extend the federal individual tax credit past its \$2,000 cap and 2008 deadline. When the caps on the federal ITC were lifted, the Solar Market Development Tax Credit could no longer be used. [SB 257](#) of 2008 removed the language about the interaction with the ITC and changed it to a 10% tax credit.

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