

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2015-___

Home Energy & Water Efficiency Tax Credit – HB 64

SPONSOR(S): Councilor Ives

SUMMARY: The proposed resolution supports state legislation, House Bill 64 (“HB 64”), relating to creating a new section to the income tax act for home energy and water efficiency income tax credit.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: January 30, 2015

ATTACHMENTS: Resolution
FIR
House Bill 64

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION 2015-___**

3 **INTRODUCED BY:**

4
5 Councilor Peter Ives

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10 **A RESOLUTION**

11 **SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 64 (“HB 64”),**
12 **RELATING TO CREATING A NEW SECTION TO THE INCOME TAX ACT FOR HOME**
13 **ENERGY AND WATER EFFICIENCY INCOME TAX CREDIT.**

14
15 **WHEREAS**, the 60 day session of the 2015 Legislative Session began on January 20, 2015;
16 and

17 **WHEREAS**, HB 64, has been introduced for consideration by the 52nd Legislature - State of
18 New Mexico - First Session, 2015; and

19 **WHEREAS**, HB 64 proposes to create a new section of the Income Tax Act known as the
20 “Home Energy and Water Efficiency Income Tax Credit”; and

21 **WHEREAS**, the purpose of the home energy and water efficiency income tax credit is to
22 increase the efficiency of energy and indoor water use of existing residences in the state of New
23 Mexico; and

24 **WHEREAS**, a taxpayer who is not a dependent of another individual; who makes
25 improvements to the energy or indoor water use efficiency of the taxpayer's primary residence, as

1 certified by a qualified assessor approved by the Energy, Minerals and Natural Resources
2 Department; and who meets the requirements of this section may apply for, and the Taxation and
3 Revenue Department may allow, a one-time tax credit against the taxpayer's tax liability imposed
4 pursuant to the Income Tax Act. The tax credit provided by this section may be referred to as the
5 "Home Energy and Water Efficiency Income Tax Credit".

6 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
7 **CITY OF SANTA FE** that the Governing Body hereby supports HB 64, relating to creating a new
8 section of the Income Tax Act referred to as the "Home Energy and Water Efficiency Income Tax
9 Credit".

10 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of
11 this resolution to the City of Santa Fe lobbyist and the City of Santa Fe State Legislative Delegation.

12 PASSED, APPROVED, and ADOPTED this ___ day of _____, 2015.

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15 ATTEST:

JAVIER M. GONZALES, MAYOR

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18 YOLANDA Y. VIGIL, CITY CLERK

19 APPROVED AS TO FORM:

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21 
22 KELLEY BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): A RESOLUTION SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 64 ("HB 64"), RELATING TO CREATING A NEW SECTION TO THE INCOME TAX ACT FOR HOME ENERGY AND WATER EFFICIENCY INCOME TAX CREDIT.

Sponsor(s): Councilor Ives

Reviewing Department(s): City Attorney's Office

Persons Completing FIR: Rebecca Seligman / John Alejandro Date: 1/29/15 Phone: 955-6501 / 955-6236

Reviewed by City Attorney: Kelly A. Brennan Date: 2/2/15
(Signature)

Reviewed by Finance Director: [Signature] Date: 2-4-2015
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

The resolution supports proposed state legislation of House Bill 64 (HB 64) to create a new section to the Income Tax Act for home energy and wager efficiency income tax credit for citizens.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: _____

X Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____	_____	\$ _____	_____	_____	_____

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

N/A

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None staff is aware of

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

If this resolution is not enacted, the City of Santa Fe would not support the proposed state legislation (HB 64) to create a new section to the Income Tax Act for home energy and wayer efficiency income tax credit.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

No

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The resolution would have a positive impact in our community by demonstrating the City of Santa Fe is in support of the legislative efforts of House Bill 64, which provides for a residential energy conservation program that increases the energy efficiency and reduces the energy expenditures of homes occupied by low-income people in New Mexico.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08

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HOUSE BILL 64

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

INTRODUCED BY

Carl Trujillo and Peter Wirth

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

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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

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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

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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

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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

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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.