

Sale and Installation of Solar Energy System Gross Receipt Tax Deduction (Senate Bill 463)

Solar Energy System Components and Materials List

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ABOUT THIS GUIDANCE DOCUMENT

The Solar Energy System Components and Materials (SESCM) list, developed by the New Mexico Energy, Minerals Natural Resources Department (EMNRD), provides guidance for vendors, contractors, the citizenry of New Mexico and other entities interested in taking advantage of the deduction from GRT for the sale and installation of a solar energy system.

The SESCO list provides guidance in determining the components and materials included in a solar energy system, eligible for the GRT deduction. The list is not comprehensive or static, but is a “living” list of components and materials. Vendors, contractors, citizenry of New Mexico, and other entities will have the opportunity of providing feedback and recommendations.

QUALIFYING EQUIPMENT

Equipment necessary for the sale and installation of a solar energy system includes an essential machine, mechanism or tool, or a component or fitting used directly and exclusively in the solar energy system, and includes replacement of some part of the system, or similar change to the system that would qualify as an adjustment to basis for federal income tax purposes as established under the applicable provisions of the Internal Revenue Code of 1986. Additionally, equipment is limited to components and systems related to storage and collection of solar energy. A solar energy system does not include components or systems related to the uses of the energy.

Qualified equipment includes, but is not limited to:

Solar Thermal Systems

Rack hardware, solar panels (solar hot water collectors, solar collectors), air heating, collector mounts and hardware, absorption chiller, blowers, backdraft dampers, ductwork, pressure gauges, storage and drainback tanks, conduit, permit fees, indirect fire tanks, equipment rental, Integral Collector Storage Units (ICS), pumps, flanges, valves, temperature gauges, expansion tank, fittings, antifreeze, piping, wall insulation, tape, metal aluminum sheathing, controllers, relays, transformers, electrical hardware, shielding, expansion foam, water storage, mechanical pit hardware enclosure, external heat exchangers, wiring, transformer, sensor, air purger, air vent, brass discs, BTU and flow meters, mortar, and concrete.

Solar Photovoltaic Systems

Solar panels (solar modules), inverter, piping, conduit, arrestor, wire, electric permit fee, PNM interconnection fee, equipment rentals, rack and rack tracking hardware, electrical

hardware, circuit breaker, combiner box, controller, transformers, junction boxes, meters, converters, charge controllers, disconnects, batteries, ground rods, mortar, and concrete.

Non-vented Trombe Walls

Glazing, roof hardware, framing, masonry, stone, brick, adobe, water-filled containers, chrome-anodized copper, aluminum foils, and Styrofoam.

Equipment and materials not included:

Equipment necessary for the sale and installation of a solar energy system will not include generators, radiant tubing, boilers, and well pumps.

QUALIFYING LABOR AND SERVICES

Labor and services necessary for the sale and installation of a solar energy system includes labor associated with the installation of the system, system commissioning after installation to test and verify all system operating parameters, subcontract services, design process and equipment replacement. Labor to perform post-installation adjustments to the solar energy system when the adjustments are performed to optimize the operation of the solar energy system as part of the initial installation and are performed within one year of the initial installation.

Labor and services not included:

Labor for maintenance or service of a solar energy system does not qualify for the deduction in the absence of an installation of some part of the system.

Note: EMNRD recommends when selling or installing solar energy systems to use components that are nationally tested to help ensure the quality of the product. Such companies that test solar energy system components include, for example, Underwriters Laboratories, Canadian Standards Association, InterTech Development Company, Intertek ETL and Solar Rating and Certification Corporation.

For information concerning the technical aspects of the Solar GRT, please contact Ryan Helton (505) 476-3318. For administrative related aspects, please contact Gale Kessler (505) 827-1746 or gale.kessler@state.nm.us. For tax related aspects contact the Internal Revenue Service www.irs.gov.

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