

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

HB534: Sustainable Building Tax Credits

Sponsors: Representative Peter Wirth and Senator Dede Feldman

Committee Assignments: HBIC, and HTRC, SCORC, SFC

✧ **HB534 HBIC DP, 2/8/07 – HTRC DP, 3/4/07**

✧ **SB543 SCORC DP, 2/9/07 – Senate (amended into SB317) DP, 3/2/07**



PNM Resources LEED Silver Building



BGNM Gold Home by High Mountain Homes

Purpose:

These tax credits are designed to transform the residential and commercial construction industry in New Mexico to building energy efficient and sustainable buildings. Sustainable buildings address issues of site, both location and site treatment; water conservation; use of materials; indoor environmental quality; and energy consumption. The energy reduction requirement is a key piece of a comprehensive effort to move New Mexico toward energy independence and reduce citizens' and businesses' energy utility expenditures. Energy efficiency is the first step, and the most cost-effective path, toward clean energy.

Buildings are responsible for almost half of the energy consumption in the U.S. and the resulting greenhouse gas emissions. By 2035 almost three-quarters of the U.S. building stock will be new or remodeled. Now is the time to assure that we are constructing in the most sustainable buildings we can.

Summary:

- The tax credits complement, extend, and expand the federal tax credits that encourage energy efficient building. The federal tax credits are due to expire on 12/31/2008.
- Credit type: corporate & personal.
- Credit eligibility: single-family detached residential, multi-family, manufactured housing (installed in NM), commercial
- Sunset: 7 years

3/6/2007

Criteria:

1. Commercial:
 - a) Must achieve Silver or higher rating from the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) green building rating system¹ and
 - b) 50% energy reduction, based on national average for similar building type, through 2010 and 60% energy reduction 2011 and after.
 - c) Applies to new construction and renovation of existing buildings.
2. Residential:
 - a) Must achieve a Gold rating from the BuildGreenNM program developed by the Home Builders Association of Central New Mexico or a Silver or higher rating from USGBC's LEED-Homes rating system and
 - b) a Home Energy Rating System (HERS) index of 60 or lower. On the HERS index, 100 is the energy consumption of a home built to the current energy code² and 0 is a home that consumes no fossil fuel.
 - c) Manufactured housing installed in NM must be Energy Star certified according to the Environmental Protection Agency's Energy Star Qualified Manufactured Homes Program.
3. All construction and certification documentation must be completed.
4. Tax credit is based on dollars/square feet, depending on the rating achieved.

Benefits to New Mexicans:

- Jumpstart the green building industry, resulting in a professional infrastructure that has increased expertise in energy efficiency and sustainable building practices. The green building trend is a major force in the U.S. and these tax credits will position New Mexico to be a leader in this movement.
- Building owners and tenants will benefit from the dramatic reduction in energy consumption, which will help to offset rising energy prices. These energy efficient homes will particularly benefit lower-income New Mexicans by keeping the cost of these quality homes within reach while lowering the ongoing utility bills.
- Electricity generated in the state requires significant water consumption at our largest power plants. Not only do sustainable buildings directly reduce water use, the reduced energy demand will positively impact our precious water resources.
- Reducing energy consumption will eliminate, or at least delay, the need to build new electric power plants.

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¹ LEED allows 4 levels of certification: Certified, Silver, Gold, and Platinum, based on the number of credits achieved in the categories of site, water conservation, energy and atmosphere, materials and resources, indoor environmental quality, and innovation in design. The tax credit requires a minimum of Silver.

² The current New Mexico code is International Energy Conservation Code (IECC) 2003. HERS is based on IECC 2004. There are minor differences between the two versions.