State of New Mexico
Energy, Minerals and Natural Resources Department (EMNRD)
Energy Conservation and Management Division (ECMD)

2021 Sustainable Building Tax Credit (SBTC)

3.3.35 PIT and 3.4.22 CIT New Mexico Administrative Code (NMAC)

Energy Conservation Products (ECP)
Renovation of Existing Residential Building

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Introduction

New Mexicans are now eligible for a tax credit for electrification measures they install in their existing homes. The *2021 Sustainable Building Tax Credit* (SBTC2021) incentivizes energy efficiency improvements to existing residential homes and commercial buildings. This Instruction Manual covers how to apply for a tax credit incentive for installation of energy efficient products in existing buildings.

A New Mexico property owner may remit an electronic application for Energy Conserving Products (ECP) installed January 1, 2021, through subsequent calendar year for taxable years prior to January 1, 2028, if the tax credit remains in effect for the *2021 Sustainable Building Tax Credit* for ECPs from the Energy, Minerals and Natural Resources Department (EMNRD) after the installation of energy conserving products in an existing residential home and/or commercial building is complete.

Energy Conserving Products must meet energy efficiency standards of Energy Star performance values or equivalent performance values for the climate zone in which the products are installed. Homeowners and businesses are eligible for tax credits for the following actions:

- Installation of an air source heat pump.
- Installation of a ground source heat pump.
- Installation of a heat pump water heater.
- Installation of Energy Star windows.
- Installation of Energy Star doors.
- Improvements to building insulation levels.
- Preparing building to be electric vehicle (EV) ready.

Applications may be submitted utilizing online portals for energy conserving products. Applicants understands:

1. There are annual caps for the *2021 Sustainable Building Tax Credit* for Energy Conserving Products (ECP);
2. The department must verify the documentation submitted before the department issues a certificate of eligibility for a *2021 Sustainable Building Tax Credit* for Energy Conserving Products (ECP);
3. If the *2021 Sustainable Building Tax Credit*'s annual cap for ECPs has been reached, the department will issue a certificate of eligibility for the next taxable year in which funds are available.

To apply for the ECP tax credit incentive, applicants will be required to upload supporting documentation using the Energy, Minerals, and Natural Resource Department (EMNRD), Energy Conservation and Management Division (ECMD) electronic application portal. Energy Conservation and Management Division (ECMD) Administration will review the application package to determine if the documentation supplied satisfies the tax credit requirements. ECMD shall disapprove an application that is not complete or does not meet the approval criteria. The applicant will be notified by email of the reason(s) why the department rejected the application. The applicant may remedy the rejection by resubmitting the application package for the disapproved project with the requested items. Resubmitted applications must complete the signature page to finalize a revised application. The resubmitted application will be considered as if it were a new application.

The web portal will return an acknowledgement that the application submission was successful. Applicants will additionally receive an email notification that their submission was received. The email message will include a unique link to check the status of their application submission. Please allow 3-4 weeks for application processing. EMNRD will send email notification with a certificate of eligibility for the *2021 Sustainable Building Tax Credit*, Energy Conservation Product.

Once you have received your Certificate of Eligibility from the Energy, Minerals, and Natural Resource Department (EMNRD), you can claim your *2021 Sustainable Building Tax Credit* against your tax liability with Taxation Revenue Department.

Quick Overview

Step 1- Assess your eligibility. Homeowners and businesses are eligible for the *2021 Sustainable Building Tax Credit* (SBTC2021) for the installation of energy efficient products and electrification measures they install in their existing homes and businesses.
Step 2- Gather required supporting documents.
Step 3- Apply for tax credit with Energy Minerals and Natural Resources Department (EMNRD).
Step 4- Receive a certificate of eligibility tax credit award from EMNRD.
Step 5- Claim your tax credit with New Mexico Taxation and Revenue Department.

General Requirements

A person who is the owner of a large commercial building having **more than** 20,000 square feet of temperature-controlled space and was built at least 10 years prior to the renovation and is broadband and electric vehicle ready effective January 1, 2021, may receive a certificate of eligibility for a *2021 Sustainable Building Tax Credit*. For this transaction type a copy of a notice of approval such as a certificate of occupancy from the building official for the renovation of a commercial building showing it was built at least 10 years prior to the project is a required document.

A person who is the owner of a commercial / residential building having **less than** 20,000 square feet of temperature-controlled space and shall have the internet connections capable of connecting to a broadband provider who has installed energy conservation products in an existing commercial on or after January 1, 2021, may receive a certificate of eligibility for a *2021 Sustainable Building Tax Credit* for energy conserving product installation.

Energy Conserving Products (ECP) must meet Energy Star performance values or equivalent performance values for the climate zone in which the products are installed.

Energy conserving products and insulation improvements eligible for the *2021 Sustainable Building Tax Credit* shall meet the applicable requirements of the most current New Mexico commercial building code, the New Mexico residential building code, the New Mexico electrical code, the New Mexico mechanical code and the New Mexico plumbing code and shall be installed under a construction permit and shall be inspected by the code official having jurisdiction.

Windows are considered part of an exterior wall when the slope is 60 degrees or more as measured from the horizontal. Where the slope of the fenestration is less than 60 degrees, the glazing is considered a skylight. Skylights are not eligible for the *2021 Sustainable Building Tax Credit*.

Insulation products installed shall meet the most current New Mexico energy code insulation requirements adopted by the construction industries division of the Regulation and Licensing Department.

The applicant may remedy a rejected application by resubmitting the application package for the disapproved project with the requested items. Resubmitted applications must complete signature page to finalize revised application. The resubmitted application will be considered as if it were a new application.

If applicable, the low-income taxpayer declaration confirming an applicant's annual household adjusted gross income is equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services; (3.3.35.11 F. (5) or 3.4.2.10 D 13) NMAC). The annual update of the poverty guideline of the United States department of health and human services as published in the federal register shall be the bases for determining eligibility. https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines

Sustainable affordable buildings mean housing that serves the needs of low-income persons with an annual household adjusted gross income equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services.

Required Supporting Documents

The following attachments are required for applications for installation of energy conserving products:

Windows

Energy-conserving products installed under the *2021 Sustainable Building Tax Credit* shall reduce the energy consumption of a residential or commercial building with energy star windows. Energy-conserving products shall be Energy Star rated for the location installed and meet requirements in 3.3.35.14 PIT or 3.4.22.11 CIT NMAC to be eligible for the *2021 Sustainable Building Tax Credit*.

The following are mandatory requirements for fenestration products:

(1) Fenestration products shall meet energy star requirements.
(2) The temporary label on windows shall not be removed until after inspection by the code official.
(3) All fenestration products shall be properly sealed to prevent air leakage**.**

Windows and skylights:

(1) Windows are considered part of an exterior wall when the slope is 60 degrees or more as measured from the horizontal. Where the slope of the fenestration is less than 60 degrees, the glazing is considered a skylight.
(2) Skylights are **not** eligible for the *2021 Sustainable Building Tax Credit*.
(3) Site built fenestration or field-fabricated fenestration are not eligible for the *2021 Sustainable Building Tax Credit*.

Windows Required Documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice showing the quantity of product, cost of the energy-conserving product and cost for installation incurred with the application. Please submit the application no later than February 1 of the year following the taxable year for which the applicant seeks the tax credit.
- Proof of passing inspection, if applicable
- Window performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of energy star label for specific model of installed items.
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.

Doors

Energy-conserving products installed under the *2021 Sustainable Building Tax Credit* shall reduce the energy consumption of a residential or commercial building with energy star doors. Energy-conserving products shall be energy star rated for the location installed and meet the insulation requirements in 3.3.35.14 or 3.4.22.11 NMAC to be eligible for the *2021 Sustainable Building Tax Credit*.

Doors Required Documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice showing the quantity of product, cost of the energy-conserving product and cost for installation incurred with the application. Please submit the application no later than February 1 of the year following the taxable year for which the applicant seeks the tax credit.
- Proof of passing inspection, if applicable
- Door performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of Energy Star label for specific model of installed items.
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.

Electric Vehicle Ready

To qualify for an electric vehicle ready *2021 Sustainable Building Tax Credit*, a commercial building shall have at least ten percent of parking spaces and for residential buildings at least one parking space with one 40 ampere, 208-volt or 240-volt dedicated branch circuit for charging electric vehicles. The termination point can be a receptacle or junction box and shall be near where electric vehicles can easily be charged. The extension cord shall be long enough to reach a vehicle and meet code and electric vehicle manufacturing requirements.

EV Ready Required Documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice with product cost **and** installation cost
- Proof of passing inspection, if applicable
- EV ready - a specification sheet for the electric vehicle charging unit
- EV ready - a one-line diagram showing the ampere and voltage rating of the dedicated branch circuit for each charging unit.
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.

Insulation

Energy-conserving products installed under the *2021 Sustainable Building Tax Credit* shall reduce the energy consumption of a residential or commercial building with Energy Star insulation. Energy-conserving products shall be energy star rated for the location installed and meet the insulation requirements in 3.3.35.14 PIT or 3.4.22.11 CIT NMAC to be eligible for the *2021 Sustainable Building Tax Credit*.

- Insulation installed must increase the existing insulation R-factor by an R-factor greater than 10.
  - Example: Current insulation R-factor installed is R-35, the renovation installs additional insulation with an R-factor 25, resulting in a total insulation R-factor of 60 installed in the home.

Insulation Required Documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice with insulation product cost and installation cost
- Proof of passing inspection, if applicable
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.
- equipment specification sheet showing complete model number and copy of Energy Star certification for specific model of installed items;
- Material specification sheet showing the R-value or U-value of insulation.
- Material flame spread index **and** smoke development index specifications.
- A certification provided by the contractor showing the installed thickness of insulation following the manufacturer's installation instructions for blown-in or sprayed-on insulation.

Heat Pumps

Energy-conserving products installed under the *2021 Sustainable Building Tax Credit* shall reduce the energy consumption of a residential or commercial building or contribute towards electrification of sustainable buildings with Energy Star heat pump furnaces and water heaters. Energy-conserving products shall be Energy Star rated for the location installed and meet the insulation requirements in 3.3.35.14 or 3.4.22.11 NMAC to be eligible for the *2021 Sustainable Building Tax Credit*.

Heat Pump Required Documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice with product cost and installation labor cost
- Proof of passing inspection, if applicable
- Heat pump performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of energy star label for specific model of installed items.
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.

Skylights are not an eligible product for the *2021 Sustainable Building Tax Credit*.

The following construction material or methods are not eligible for the *2021 Sustainable Building Tax Credit*, logs, strawbales, adobe and rammed earth; spray-in-place polyurethane foam for interior walls or ceilings; urea formaldehyde foam insulation; and passive solar technologies using direct gain, trombe walls or mass energy storage.

If an applicant has claimed a new solar market development income tax credit that solar system cannot be used to meet the requirements of either the certification level applied for, or the energy reduction achieved.

New Building
Sustainable Building Tax Credit

A person who is the owner of a **new** building in New Mexico constructed to be a sustainable building or permanently installed manufactured housing and receives certification on or after January 1, 2022, may receive a certificate of eligibility for a Sustainable Building Tax Credit. Please use this web portal for new build homes.
https://devwwwapps.emnrd.nm.gov/ECMD/SBTCSubmissions/

Renovation of Existing Building
Sustainable Building Tax Credit

Renovation of a Large Commercial Building

A person who is the owner of a commercial building having **more than** 20,000 square feet of temperature-controlled space and was built at least 10 years prior to the renovation and is broadband and electric vehicle ready effective January 1, 2021, may receive a certificate of eligibility for a *2021 Sustainable Building Tax Credit*.
Additional required document: a copy of certificate of occupancy from the building official for the renovation of a commercial building showing it was built at least 10 years prior to the project.
The website with information and instruction can be found on our home page https://www.emnrd.nm.gov/
To apply for the renovation of a large commercial building having **more than** 20,000 square feet use the following link. https://devwwwapps.emnrd.nm.gov/ECMD/SBTCSubmissions/

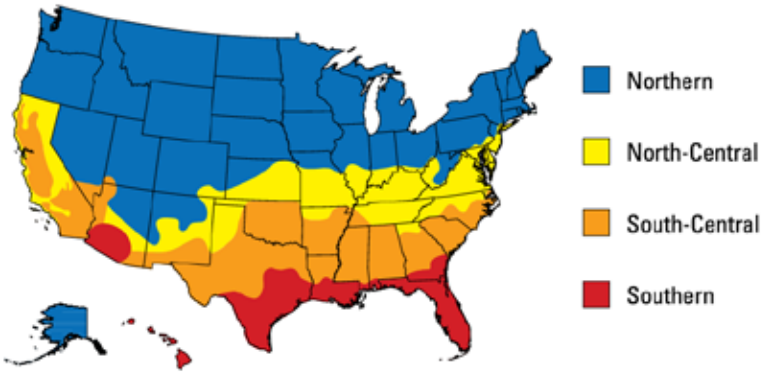
Energy Conserving Product

A person who is the owner of a commercial / residential building having **less than** 20,000 square feet of temperature-controlled space and shall have the internet connections capable of connecting to a broadband provider who has installed energy conservation products in an existing commercial on or after January 1, 2021, may receive a certificate of eligibility for a *2021 Sustainable Building Tax Credit* for energy conserving product installation.
The website with information and instruction can be found on our home page https://www.emnrd.nm.gov/
To apply for the renovation of a commercial building **less than** 20,000 square feet use the following link.
https://devwwwapps.emnrd.nm.gov/ECMD/ECPSubmissions/

Climate Zones

Energy-conserving products shall be rated for the location installed and meet requirements in 3.3.35.14 PIT or 3.4.22.11 CIT NMAC to be eligible for the *2021 Sustainable Building Tax Credit*. Energy conservation products must meet Energy Star rating performance values or the equivalent requirements at the installation location. It is important to select windows, doors, or heat pumps that are suited to the type of climate you live in.

Climate Zones for New Mexico	
South-Central Zone	Chavez, Dona Ana, Eddy, Hidalgo, Lea, Luna and Otero counties
North-Central Zone	Bernalillo, Cibola, Curry, De Baca, Grant, Guadalupe, Lincoln, Quay, Roosevelt, Sierra, Socorro, Union and Valencia counties
Northern	Catron, Colfax, Harding, Los Alamos, McKinley, Mora, Rio Arriba, San Juan, San Miguel, Sandoval, Santa Fe, Taos and Torrance counties



New Mexico State Climate Zone:
Northern
South-Central
Southern

Performance Values

Energy conservation products shall meet the specified Energy Star rating performance requirements or equivalent performance values at the installation location. It is important to select windows, doors, or heat pump that are suited to the type of climate you live in. Products must meet the following Energy Star or equivalent performance values or equivalent performance values.

Where to locate performance values, you may utilize a variety of websites. Locate your product and the model number to find the product performance values to assist your application data entry. Save an electronic copy of the performance value information to be used as a required supporting document.

Energy Star Website:
All windows, doors, and heat pumps require the model's name number and Energy Star or equivalent performance specification values for their climate zones. **Performance rating certificate** contains the performance values necessary to complete the electronic application. *https://www.energystar.gov/products*

National Fenestration Rating Council (NFRC) Website:
The energy performance of qualified windows, doors must be independently tested, certified, and verified according to test procedures established by the National Fenestration Rating Council (NFRC). NFRC is a third-party non-profit organization that sponsors certified rating and labeling to help consumers compare the performance of windows, doors. The NFRC label can be found on all Energy Star certified windows, doors, performance ratings.
http://www.nfrc.org

Air-Conditioning Heating Refrigeration Institute

AHRI Directory of Certified Product Performance Website:
AHRI is a third-party non-profit organization that sponsors certified rating and labeling to help consumers compare the performance of heat pumps. AHRI works with state legislators, regulatory bodies, and the utility industry to support programs that would incentivize consumers to replace older, less efficient HVACR and water heating equipment with newer, more efficient equipment. They promote consistency in manufacturer specifications, which increases consumer confidence, and provides a means for manufacturers, third-party laboratories, regulators, and certification bodies to evaluate products objectively and consistently.
The energy performance of qualified heat pumps must be independently tested, certified, and verified according to test procedures established by the AHRI. The AHRI label can be found on all Energy Star certified heat pump performance ratings. https://www.ahridirectory.org/

Performance Tables

Products must meet the following Energy Star or equivalent performance values:

Energy Star Performance Values

The "less than or equal to" sign: ≤
The "greater than or equal to" sign: ≥
The "equal to" sign: =

Version 7.0 Product Manufactured/Installation Effective 2024-2027

Windows		
Climate Zone	**U-Factor[1]**	**SHGC[2]**
Northern	≤ 0.22	≥ 0.17
Equivalent Energy Performance	= 0.23	≥ 0.35
	= 0.24	≥ 0.35
	= 0.25	≥ 0.40
	= 0.26	≥ 0.40
North-Central	≤ 0.25	≤ 0.40
South-Central	≤ 0.28	≤ 0.23

Air Leakage for windows ≤ 0.3 cfm/ft²
[1] Btu/h ft² °F
[2] Solar Heat Gain Coefficient

Doors			
Glazing Level	**U-Factor[1]**	**SHGC[2]**	
Opaque	≤ 0.17	No Rating	
≤ ½-Lite	≤ 0.23	≤ 0.23	
> ½-Lite	≤ 0.26	Northern and North-Central	≤ 0.40
> ½-Lite	≤ 0.28	Southern and South-Central`	≤ 0.23

Air Leakage for Swinging Doors ≤ 0.05 cfm/ft²
Door Glazing: Opaque -No glass; ≤ ½-Lite - less than or equal to half glass, > ½-Lite – greater than half glass.

Version 6.0 Product Manufactured/Installation Effective 2021-2023

Windows		
Climate Zone	**U-Factor[1]**	**SHGC[2]**
Northern	≤0.27	Any
Equivalent Energy Performance	=0.28	≥0.32
	=0.29	≥0.37
	=0.30	≥0.42
North-Central	≤0.30	≤0.40
South-Central	≤0.30	≤0.25

Air Leakage for windows ≤ 0.3 cfm/ft²
[1] Btu/h ft² °F
[2] Solar Heat Gain Coefficient

Doors			
Glazing Level	**U-Factor**	**SHGC[2]**	
Opaque	≤0.17	No Rating	
≤½-Lite	≤0.25	≤0.25	
>½-Lite	≤0.30	Northern North-Central	≤0.40
>½-Lite	≤0.30[1]	Southern South-Central	≤0.25

Air Leakage for Swinging Doors ≤ 0.05 cfm/ft²
Door Glazing: Opaque -No glass; ≤ ½-Lite - less than or equal to half glass, > ½-Lite – greater than half glass.

Air Source Heat Pump, Ground Source Heat Pump, Water Heater

Performance Tables for Heat Pumps **manufactured prior to 2022**

Air Source Heat Pumps

SEER	EER	HSPF
≥16	≥12.5	≥9.2

The "less than or equal to" sign: ≤
The "greater than or equal to" sign: ≥
The "equal to" sign: =

Ground Source Heat Pumps

Product Type	SEER	EER	HSPF	COP
Split system CAC	18	13.0		
Split system ASHP	18	12.5	9.6	
Single-package CAC	16	12.0		
Single-package ASHP	16	12.0	8.2	
Closed Loop Water -to-Air GHP		17.1		3.6
Open Loop Water-to-Air GHP		21.1		4.1
Closed Loop Water-to-Water GHP		16.1		3.1
Open Loop Water-to-Water GHP		20.1		3.5
DGX to Air		16.0		3.6
DGX-to-Water		15.0		3.1

Performance Tables for Heat Pumps **manufactured after 2022**

Residential Heat Pumps

Product Type	SEER2	EER2	HSPF2
HP Split Systems	≥15.2	≥11.7	≥7.8
HP Single Package Equipment	≥15.2	≥10.6	≥7.2

Residential Central Air Conditioners

Product Type	SEER2	EER2
CAC Split Systems	≥15.2	≥12.0
CAC Single Package Equipment	≥15.2	≥11.5

Residential Cold Climate Heat Pumps

Product Type	SEER2	HSPF2
HP Split Systems (Non-Ducted)	≥15.2	≥8.5
HP Split Systems (Ducted)	≥15.2	≥8.1
HP Single Package Equipment	≥15.2	≥8.1

Ground Source Heat Pumps

Product Type	EER	COP
Closed Loop Water -to-Air GHP	≥17.1	≥3.6
Open Loop Water-to-Air GHP	≥21.1	≥4.1
Closed Loop Water-to-Water GHP	≥16.1	≥3.1
Open Loop Water-to-Water GHP	≥20.1	≥3.5
DGX to Air	≥16.0	≥3.6
DGX-to-Water	≥15.0	≥3.1

Heat Pump Water Heaters

HPWH Type	UEF	FHR
Integrated HPWH	≥3.3	≥45 gallons per hr
Integrated HPWH, 120 Volt/ 15 Amp Circuit	≥2.2	≥45 gallons per hr
Split-system HPWH	≥2.2	≥45 gallons per hr

CAC - Central Air Conditioners
DGX - Direct Geo Exchange
GHP –Ground Heat Pump
HP – Heat Pump
ASHP - Application System Heat Pump
SEER - Seasonal Energy Efficiency Rating
EER - Energy Efficiency Rating
HSPF - Heating Seasonal Performance Factor
COP - Coefficient of Performance
UEF - Uniform Energy Factor
FHR - First-Hour Rating

Fund Allocation Caps

Please note that the Legislature placed annual program caps on the total amount of tax credits the Energy Minerals Natural Resources Department (EMNRD), Energy Conservation Management Division (ECMD) can approve under this program. It is important to submit your application as soon as possible. The tax credit calculations are higher for products installed in affordable housing units or dwelling occupied by low-income residents.

The total amount of Sustainable Building Tax Credit certificates issued by EMNRD in any calendar year shall not exceed $7.15 million. When the fund cap is reached in any category in a given year based on all certificates of eligibility the department has issued, the department shall issue certificates of eligibility to applicants who meet the requirements for the *2021 Sustainable Building Tax Credit* in a taxable year when applications in one sustainable building category exceed the annual cap and the other categories are under the annual cap as determined by February 1 of any year in which the tax credit is in effect. If no *2021 Sustainable Building Tax Credit* funds are available, the department may issue a certificate of eligibility for the next subsequent tax year in which funds are available. Except for the last taxable year when the *2021 Sustainable Building Tax Credit* is in effect.

Annual Fund Limits

2021 Sustainable Building Tax Credit

Statutory Reference PIT 3.3.35.8 E. NMAC, and CIT 3.4.22.8 E NMAC*

Building Type	Annual Fund Cap
Sustainable Residential Buildings	2,000,000.00
Sustainable Commercial Buildings	1,000,000.00
Sustainable Manufactured Housing	250,000.00
Renovation of Large Commercial Buildings	1,000,000.00
Energy Conservation Products (Commercial or Residential building)	2,900,000.00
*New Mexico Administrative Code (NMAC)	7,150,000.00

Inspection Disclaimer

To ensure compliance with 3.3.35 or 3.4.22 NMAC applicant agrees to allow the department or its authorized representative to inspect the energy conservation product installation described in the application package at any time after the date of submittal of the application package until three years after the department has certified the energy conservation product installation, upon the department providing a minimum of five days' notice to the applicant.

Tax Credit Claim

Once you have received your Certificate of Eligibility from the Energy, Minerals, and Natural Resource Department (EMNRD) you will claim your *2021 Sustainable Building Tax Credit* with Taxation Revenue Department. The claimant must attach a completed Form **TRD-41252**, *2021 Sustainable Building Tax Credit* Claim Form, to the applicable tax program's return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to seven (7) tax years from the tax year the credit approved for **or** if you are a low-income taxpayer, you may be eligible to have the excess refunded to you. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the Schedule A of Form **TRD-41252** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

Questions regarding this process, please contact Taxation and Revenue Department: www.tax.newmexico.gov, e-mail: businesscredit.mgr@tax.nm.gov, or documents may be mailed to the Business Credit Claims Processing Unit at P.O. Box 5418, Santa Fe, NM 87502-5418., (505) 827-0792. You may file your return and attach all the necessary documents to claim the credit through the Department's electronic filing system, the Taxpayer Access Point, located at https://tap.state.nm.us/tap/_/

Performance Glossary

Air Leakage (**AL):** measures the rate at which air passes through joints in the window. AL is measured in cubic feet of air passing through one square foot of window area per minute. The lower the AL value, the less air leakage. Most industry standards and building codes require an AL of 0.3 $cf \cdot m/ft^2$. (EPA requires that the AL for ENERGY STAR labeled products is certified.)

Amperage: is another way to measure the amount of electricity running through a circuit. Amperage is the "rate" that current is flowing through the circuit or the number of electrons moving through the wire. Amperage is listed in units called amps (or amperes).

Coefficient Of Performance (**COP**)**:** of a heat pump is the ratio of the change in heat at the "output" (the heat reservoir of interest) to the supplied work.

Energy Efficiency Ratio (EER): EER rating provides you with a ratio of useful cooling output (in BTU/h) to electricity input (measured in W). A higher EER rating means that an air conditioner will provide a lot of cooling effect for every Watt of energy you provide. To get an EER rating, you need to divide an air conditioner's capacity by its power. EER rating = Capacity (in BTU) / Power (in W)

Energy Efficiency Ratio 2 (**EER2**):
EER2 is the ratio of the average rate of space cooling delivered to the average rate of electrical energy consumed by the air conditioner or heat pump. This ratio is expressed in Btu per Wh (Btu/Wh).

First Hour Rating (**FHR):** An estimate of the maximum volume of hot water in gallons that a storage water heater can supply within an hour that begins with the water heater fully heated. The FHR is measured at a 125°F outlet temperature in the Uniform Energy Factor test method.

Glazing level: Glazing is a term used to refer to the glass in a door or window. It is made up of at least two layers of glass and sometimes three, with inert gas, usually argon, injected between the glass layers to provide additional insulation.

Heating Seasonal Performance Factor (HSPF): is a rating of the energy efficiency for all heating devices, including heat pumps, furnaces and water heaters. HSPF provides a numerical representation of the total heat delivered by the device during normal usage divided by the amount of electricity it takes to deliver that heat. It tells us how much heat, in BTUs (British Thermal Unit), is delivered per kilowatt-hour (kWh). The higher the rating, the more efficient the device will be.

Heating Seasonal Performance Factor 2 (**HSPF2):** HSPF2 is the total space heating required in region IV during the space heating season, expressed in Btu, divided by the total electrical energy consumed by the heat pump system during the same season, expressed in watt-hours. HSPF2 (Heating Seasonal Performance Factor) is a measurement of heating efficiency for heat pumps. It is useful for comparing energy efficiency of heat pumps. The higher the HSPF2, the more energy efficient the system.

R-Value is a measure of insulation's ability to resist heat flow. The higher the R-Value, the better the thermal performance of the insulation. The recommended level for most attics is to insulate to R-38 or about 10 to 14 inches, depending on insulation type.

Seasonal Energy Efficiency Ratio (SEER): is a rating scale system for measuring air conditioner efficiency in small, easy-to-understand numbers. A good SEER rating is typically 14 or higher. The average efficiency rating for a central air conditioner in operation today is 16 but high energy-efficient models can have ratings as high as 23. SEERS (Season Energy Efficiency Ratio) is a measurement of cooling efficiency over a typical cooling season.

Seasonal Energy Efficiency Ratio 2 (**SEER2):** SEER2 is the total heat removed from the conditioned space during the annual cooling season, expressed in Btu, divided by the total electrical energy consumed by the air conditioner or heat pump during the same season, expressed in watt-hours. The higher the SEER2, the more energy efficient the system.

Solar Heat Gain Coefficient (**SHGC**)**:** measures how well a product can resist unwanted direct or indirect solar radiation. This radiation can cause your home to heat regardless of outside temperature, which may be favorable or unfavorable depending on whether you're heating or cooling your home. In summer months, a low solar heat gain coefficient helps to keep your home cool. In winter months, a higher solar heat gain coefficient can help to keep your home warm. SHGC is measured on a scale of 0 to 1; values typically range from 0.25 to 0.80. The lower the SHGC, the less solar heat the window transmits.

U-Factor: measures how well a window or door prevents heat from escaping. It is similar to the R value for insulation. The lower the number, the more efficient the window. Ratings usually range from 0.20 to 1.20 and are measured in Btu/h·ft²·°F. The lower the U-factor, the better the window insulates.

Uniform Energy Factor (UEF): The newest measure of water heater overall efficiency. The higher the UEF value is, the more efficient the water heater.

Voltage: is the name given to an electric potential energy difference between two points, and it's defined as the electric potential energy per unit charge. Voltage is a measurement of the electric potential or "pressure" at which electricity flows through a system. Voltage is also described as the speed of individual electrons as they move through a circuit and is measured in units called volts.

Performance Rating Sample Labels

Sample **Window** Performance Rating label:

Sample **Door** Performance Rating label

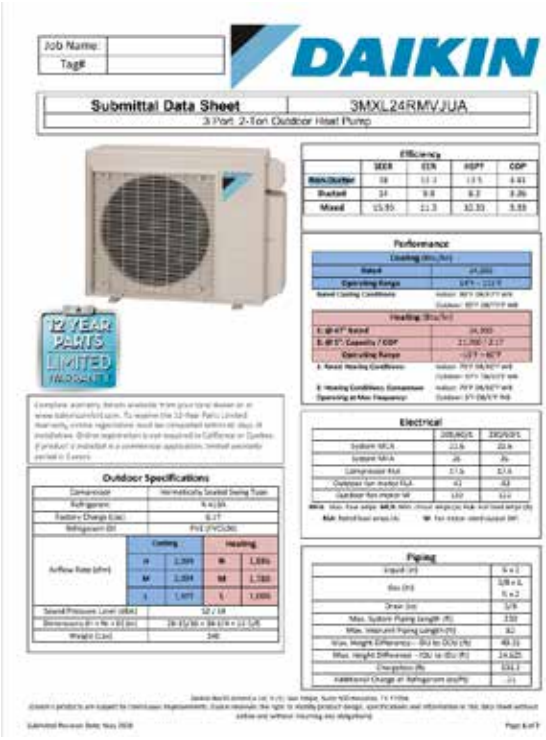
Sample **Heat Pump Water Heater** performance rating certificate

Sample **Heat Pump (multi split)** performance rating certificate

AHRI CERTIFIED

Certificate of Product Ratings

CERTIFICATE NO.:



Job Name:

Tag#

DAIKIN

Submittal Data Sheet | 3MXL24RMVJUA

3 Port 2-Ton Outdoor Heat Pump

Sample **Heat Pump (mini split)** performance rating certificate

ENERGY STAR CERTIFIED

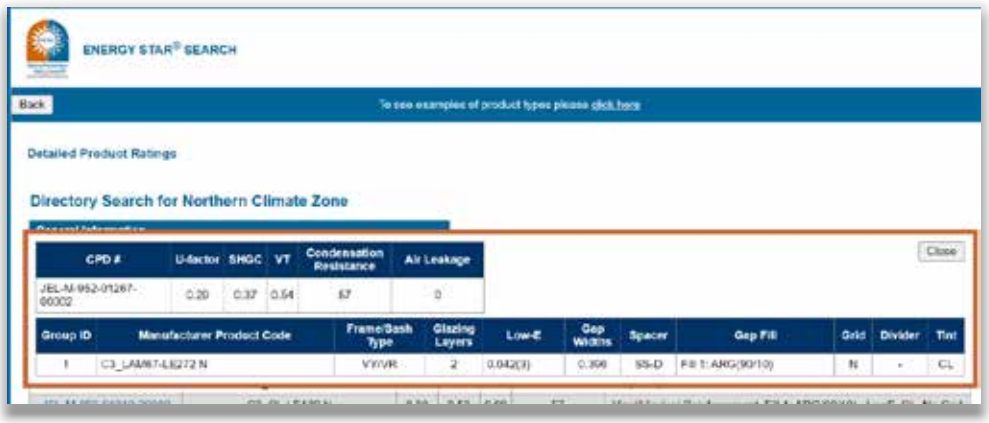
Heat Pumps (Mini-Split)

: LMU480HHV

Specifications

ENERGY STAR Unique ID:	2411134
Outdoor Unit Brand Name:	LG
Series Name:	LMU480HHV
Outdoor Unit Model Number:	LMU480HHV
Indoor Unit Brand Name:	LG
SEER2 (Btu/Wh):	20.5
Product Type:	HP - Mini or Multi Split
EER2 (Btu/Wh):	13.1
HSPF2 (Btu/Wh):	10.5
COP at 5°F:	2.1
Cooling Capacity (Btu/h):	48000
Heating Capacity at 47°F (Btu/h):	52500
Heating Capacity at 5°F (Btu/h):	48000
Cold Climate:	Yes
Connected Capable:	No
Meets Peak Cooling Requirements:	Yes
Tax Credit Eligible:	Yes
Refrigerant with GWP:	R-410A (GWP:2088)
ENERGY STAR Most Efficient:	No

Example of web-based Energy Star **window** performance values:



How Heat Pumps Work

Ductless heat pumps, or **Mini split heat pumps**, are specifically designed for homes or sections of homes that do not have ductwork. If your home doesn't have existing ductwork or you are planning an addition or renovation where running ductwork will be difficult, you can install a heat pump to heat and cool a portion of your house. Ductless heat pumps, or mini split heat pumps, are an alternative to radiator or baseboard heating, as well as a replacement for window units for cooling. No duct work is needed. Instead, a head unit, or multiple head units, are mounted on an interior wall or ceiling, with an accompanying unit outside. The outside unit extracts heat from the air. Refrigerant carries the heat directly to the head(s) inside, which then delivers heated air to occupied space. In warmer months, the system works in reverse for quiet, efficient air conditioning. A ductless heat pump works in both cold and warm seasons, doing double duty to keep your home comfortable no matter the temperature outside.

Air Source Heat Pumps (ASHPs) If your home does have existing ductwork, a ducted ASHP system may be the right system for you. **Ducted** ASHP systems can be installed and connected to the conventional forced-air ductwork system that is typical of most American homes. A central ASHP can use pre-existing ductwork in your home to deliver heating and cooling, making installation even easier. In most climate zones, an ASHP can be installed as a drop-in replacement when either a central air conditioner or a furnace needs replacement. A ducted ASHP is a central air conditioner that also works in reverse to provide whole-house space heating in winter. A ducted ASHP provides highly efficient heating and cooling by extracting heat from outside into your home in winter and pulling the heat out of your home in the summer

Heat Pump Water Heaters (HPWHs) are also commonly referred to as Hybrid Electric Water Heaters. HPWHs use electricity to move heat from one place to another instead of generating heat directly. To understand the concept of heat pumps, imagine a refrigerator working in reverse. While a refrigerator removes heat from an enclosed box and expels that heat to the surrounding air, a HPWH takes the heat from surrounding air and transfers it to water in an enclosed tank. During periods of high hot water demand, HPWHs switch to standard electric resistance heat (hence they are often referred to as "hybrid" hot water heaters) automatically.

EV Ready Prep

With the increase in EVs on the road, consumer demand for EV-ready homes is growing - especially because most EV charging happens at home. EV owners ideally have access to overnight charging, in their driveway/garage or wherever they park their car. Without overnight charging, EV owners can charge at some workplaces, or use public charging.

Once you have decided to get your home EV ready, you need to decide on the type of charging you will need. Residential charging is divided into two types: **Level 1** uses a standard (120v) household outlet and is not qualified for Energy Conserving Product Tax Credit. **Level 2** (240v) uses a more powerful heavy-duty socket, is qualified for Energy Conserving Product Tax Credit. Level 1 charging is inexpensive since all that is needed is a 120V outlet and a Level 1 charger, (which is essentially a special extension cord that comes with the EV at purchase). Level 2 is more involved since heavy duty wiring, circuit breakers, and a separate EV charger are needed.

Homeowners who are purchasing a new EV are typically offered a 120V charger (also called a cord set) as part of their vehicle purchase or lease, rather than having to purchase it independently. However, there are advantages to upgrading to a 240V charger, including faster charging times, which may be necessary to charge longer-range EVs overnight.

EV chargers 120V and 240V are sold by big-box and independent retailers, mainly online. Purchase an Energy Star certified EV charger to ensure it meets key industry safety standards. Contact a licensed electrician to evaluate whether your home's wiring, electrical outlets, and other hardware can support the charging requirements of your EV. Your car dealer or the EV manufacturer may also recommend a third-party or contractor network that may be able to conduct a home assessment.

Level 2 (but not Level 1) are qualified for Energy Conservation Product Tax Credit. EV chargers draw a considerable amount of power, you will need to ensure that your home's electrical system is up to the job prior to installing the wiring for the charger. To do this, you should check your main electrical panel. If the box is full and there are no blank spots left for new breakers, then you might need to upgrade your electrical panel while you are having the EV charger wiring installed by the electrician.

Discovering Insulation

Sealing air leaks around your home and adding insulation are two of the most cost-effective ways to improve energy efficiency and comfort in your home. Air that leaks through your home's envelope − the outer walls, windows, doors, and other openings − wastes a lot of energy and increases your utility costs. A well-sealed envelope, coupled with the right amount of insulation, can make a real difference on your utility bills. In fact, if you added up all the leaks, holes and gaps in a typical home's envelope, it would be the equivalent of having a window open every day of the year. Insulation helps keep your home warm in the winter and cool in the summer. When correctly installed, insulation can deliver comfort and savings, especially during the hottest and coldest times of the year. Sealing leaks and adding insulation can improve the overall comfort of your home. There are several quick checks that you can do to determine where you may need more insulation and air sealing in your home. Every home is different, so it's important to check which projects may be needed in your own home. Insulation level are specified by R-Value. R-Value is a measure of insulation's ability to resist heat traveling through it. The higher the R-Value the better the thermal performance of the insulation.

Questions and Answers

Q: What is the first eligible year to claim the credit for a fiscal year taxpayer?

A: The first eligible year would be the fiscal year beginning in the year stated on the eligibility certificate.

Q: Bought my home 5 years ago and renovated to flip the home. Can I receive a tax credit on Energy Conserving Product installed.

A: A person who is the owner of a commercial building having **less than** 20,000 square feet of temperature-controlled space, shall have internet connections capable of connecting to a broadband provider, who installed energy conservation products in an existing residential building on or after January 1, 2021, may receive a certificate of eligibility for a *2021 Sustainable Building Tax Credit* for energy conserving product installed.

Q: My Energy Conserving Product has an Energy Certificate, but it keeps getting rejected.

A: Energy Conserving Products installed must be Energy Star Certified or equivalent performance values. Provide the Energy Star Certificate, or specification sheet with model number and equivalent performance values.

Q: What types of photo images are allowed to be uploaded?

A: HEIC file is an Apple Image file. The following file types are allowed: .bmp .doc .docx .gif. heic .jpg .jpeg .odp .odt .ods .pdf .png .ppt .pptx .svg .tiff

Q: I installed seven windows and only received $500 tax credit. I thought I would get more, what happened?

A: You must apply for individual products. Example: If you installed one window, you must enter one entry. If you installed 15 windows, you must create 15 product entries.

Q: Can I scan and attach one document

A: The online portal will expect multiple attachments. A applicant may scan all documents as one document and attach them multiple times.

Entering Application

Prior to starting an application, please make sure to review your supporting documentation for completeness before submitting it electronically. Energy-conserving products installed under the *2021 Sustainable Building Tax Credit* shall reduce the energy consumption of a residential or commercial building. Energy-conserving products shall be energy star rated or equivalent performance values for the climate zone location installed and meet requirements in 3.3.35.14 or 3.4.22 NMAC to be eligible for the *2021 Sustainable Building Tax Credit*.

Required Documents:

- **All Applications** - A copy of a deed, property tax bill or legal description of the building.
- **All Applications** - Itemized invoice showing the quantity of product, cost of the energy-conserving product and cost for installation incurred within the tax year for which the application is submitted
- Proof of passing inspection, if applicable
- **Window**/**Door** performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of energy star label for specific model of installed items.
- **EV ready -** a specification sheet for the electric vehicle charging unit
- **EV ready -** a one-line diagram showing the ampere and voltage rating of the dedicated branch circuit for each charging unit.
- **Insulation -** Material specification sheet showing the R-value or U-value of insulation.
- **Insulation -** Material flame spread index and smoke development index specifications.
- **Insulation -** A certification provided by the contractor showing the installed thickness of insulation following the manufacturer's installation instructions for blown-in or sprayed-on insulation.

- **Window/Door/Heat pump** performance specification values or Energy Star website equipment specification sheet showing complete model number and rating performance values or copy of Energy Star label for specific model of installed items.
- **All Applications** - In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.

Entering ECP application

Home Web Page:
https://www.emnrd.nm.gov/

2021 Sustainable Building Tax Credit **(SBTC) Web Page:**
https://www.emnrd.nm.gov/ecmd/tax-incentives/sustainable-building-tax-credit-sbtc/

Energy Conservation Products Tax Credit Application Submission Portal:
https://wwwapps.emnrd.nm.gov/ECMD/ECPSubmissions/

Landing page:

- Check the acknowledgement box.
- Select **Apply** to continue.

Project Description:

- Enter the completed date of product installation.

To determine fund year eligibility, a passing inspection date, and if passing inspection permit is not required the invoice date

- Check the acknowledgement box if a permit is required for your project.
- Select your building type:
    a. Residential
    b. Commercial.
- Select **Continue**

Building Information:

- Enter the year your building was constructed.
- If applicable, indicate to declare a low-income taxpayer with and annual household adjusted gross income is equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services.
- Enter the location address of the building where products are installed.
- Select **Continue**

Applicant Information:

- Select applicant type.
- Indicate if applicable, to declare a low-income taxpayer with and annual household adjusted gross income is equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services. https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/

- Enter applicant's information.
- Select **Continue**

Entering Products Information

Products:

- Click on the Product title *tab* to select the type installed.
  Product tabs available are Heating/Cooling, Windows and Doors, Insulation, and EV Ready.
  If an applicant has multiple product types, select one tab at a time to add product details. If applicant has multiple products, each qualifying product requires individual entry. (ie: six windows equal six entries) or applicant will have to navigate selecting several tab types for multiple product types.
- To add a product, select tab, select the + sign.

Heating/Cooling Product:

Required documents:

- Deed or property tax bill
- Product cost invoice
- Installation cost invoice
- Proof of passing inspection, if applicable
- Window/Door/heat pump performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of Energy Star label for specific model of installed items.

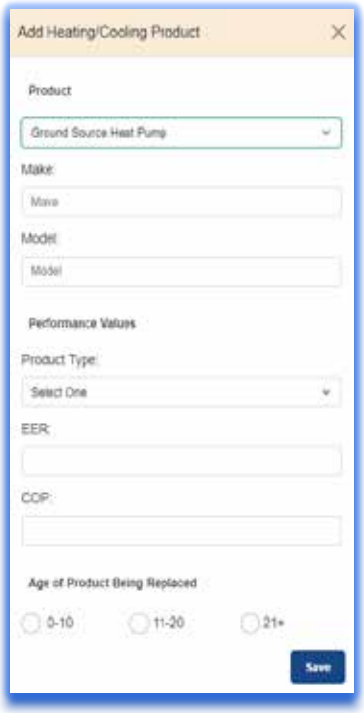
- Use drop down menu to select Product type installed. Products available are:

Air Source Heat Pump, Ground Source Heat Pump, Heat Pump Water Heater

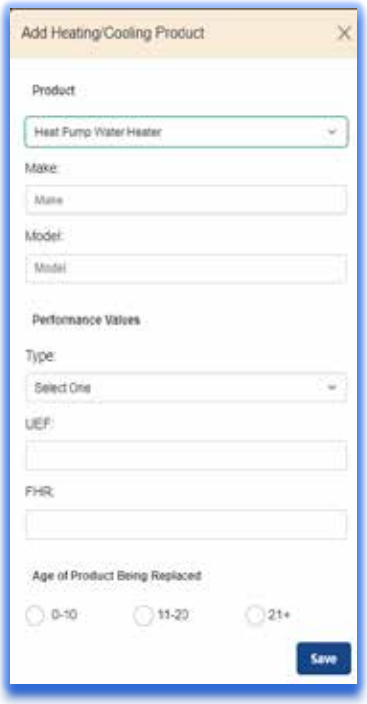
- Enter the product information and performance values for the product selected.
- Select **Save** to continue.
- If you have multiple products, add a product, select the + sign.

Air Source Heat Pump

Ground Source Heat Pump



Heat Pump Water Heater



Windows / Doors:

Required documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice showing the quantity of product, cost of the energy-conserving product and cost for installation incurred within the tax year for which the application is submitted
- Proof of passing inspection, if applicable
- Window/Door performance specification values or Energy Star website equipment specification sheet showing complete model number or copy of Energy Star label for specific model of installed items.

Add a product

Use drop down menu to select Product type installed.
Products available are Windows and Doors.

- Click on the Product title *tab* to select the type installed.
- To add a product, select tab, select the + sign.

Windows

- Use drop down menu to select Product type installed.
  Skylights are not eligible.
- Enter the product information and performance values for the product selected.
- Select **Save** to continue.
  Each qualifying product requires individual entry. (ie: six windows equal six entries)
- If you have multiple products, add a product, select the + sign.

Doors

Door-specific Rating Each rating is split into two values: Solar Heat Gain, and U-Factor.

- Use drop down menu to select Product type installed.
- Enter the product information and performance values for the product selected.
- Select **Save** to continue.
  Each qualifying product requires individual entry. (ie: three doors equal three entries)
- If you have multiple products, add a product, select the + sign.

Insulation

Required documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice with product cost and installation cost
- Proof of passing inspection, if applicable
- Insulation - material specification sheet showing the R-value or U-value of insulation.
- In addition to the foregoing, the applicant shall submit any other information the department determines it needs to review the building project for the *2021 Sustainable Building Tax Credit*.
- Energy Star rated for the location of insulation and, shall be installed by permitting and inspection
- equipment specification sheet showing complete model number and copy of Energy Star certification for specific model of installed items;

- Enter information required for Insulation.
  The newly added insulation R-value must be an increase of at least 10 above insulation previously in place.
- Select **Save** to continue.

EV Ready

Required documents:

- A copy of a deed, property tax bill or legal description of the building
- Itemized invoice with product cost **and** installation cost
- Proof of passing inspection, if applicable
- EV ready - a specification sheet for the electric vehicle charging unit
- EV ready - a one-line diagram showing the ampere and voltage rating of the dedicated branch circuit for each charging unit.

- Enter information required for EV Ready.
  The amperage must be at least 40 amps, 208-volt or 240-volt dedicated branch circuit
- Select **Save** to continue.
- Once you have entered all Energy Conservation Products, Select **Continue**

A completed application package will include all required supporting documentation.

Required Supporting Documentation

In this section, for each product claim you will attach all the supportive documents. All documents displayed in list are required to be attached will be displayed. You may select a combination of documents and remit one combined file or select individual files and attach individual files.

- Select the box indicating which required document will be attached.
- Select **Browse** to search / locate your attachment file.
- Select the file to attach.
- Click **Attach**
  If individual attachments,
  Repeat *steps until all documents required are attached.*
- Select **Sign** to continue.

Sign and Submit

- Select **Sign** to continue.
- Check acknowledgement.
- Enter information.
- Select **Submit Application**

A successful application on the portal will receive this *portal* message:

A successful application on the portal will also receive this *email* message:

> *ECMD Staff will review submissions in the order they are received. If your submission is considered sufficiently complete, your submission will be entered for processing as an application. Processing may take up to 3-4 weeks.*
>
> *You can check the status of your submission anytime in the process using the enclosed link. Save the link as it is specific to your submission.*

If you would like to inquire about the status of your application, please use the unique link assigned to your application to check the application status.

Approved applications will receive a Certificate of Eligibility by email with a link for applicants to download and print a Certificate of Eligibility.

Refresh Errors

Information is saved to the user IP address. You can stop and start an application, move between screens, or if your computer times out, the online portal will retain your application information. Errors may occur if you attach and replace documents, because the system will recognize attachment requirement as fulfilled. To correct, you must clear your computer cache.
The menu on the bottom of computer screen will allow you to start a new application or "Start Over".

Contact Information:

State of New Mexico
Taxation Revenue Department (TRD)
Revenue Processing Division (RPD)
Business Tax Credit Unit
P.O. Box 630, Santa Fe, NM 87504
e-mail: businesscredit.mgr@tax.nm.gov
www.tax.newmexico.gov/
Telephone (505) 827-0792.

State of New Mexico
Energy, Minerals and Natural Resources Department (EMNRD)
Energy Conservation and Management Division (ECMD)
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
e-mail: emnrd.taxcredits@emnrd.nm.gov
www.emnrd.nm.gov/