

New Mexico New Homebuyers Energy Savings Tax Credit

It is apparent that state and local governments (LG) cannot wait for Washington to create the badly needed jobs, economic activity and revenue they need to sustain themselves; they must use the options available and undertake the task on their own – and they can.

The New Homebuyers Energy Savings Tax Credit (Plan), outlined here, is a jobs and revenue producing plan for implementation in New Mexico. It marries a homebuyer refundable state tax credit with building energy reduction targets in order to dramatically increase private spending, stimulate new building construction, expand the local tax base, and generate much needed jobs and tax revenue. The homebuyer tax credit will be available for two-years for newly constructed and purchased homes, and purchased foreclosed homes renovated to high efficiency standards.

In New Mexico, each one-dollar of state outlay will generate \$14.10 in direct construction spending, \$7.19 in indirect and induced spending, and generate \$2.17 in state and LG taxes.

The Plan calls for a refundable:

- \$4,000 State tax credit for purchasing a HERS 50 or equivalent home;
- \$6,000 State tax credit for purchasing a HERS 25 or equivalent home; and a
- \$8,000 State tax credit for purchasing a Zero-Net-Energy or HERS 0 home.

A \$20 million New Mexico Homebuyer Energy Savings Tax Credit (recommended allocation), for example, would not only pay for itself but would:

- generate \$281.9 million in construction spending and \$143.8 million in indirect and induced spending;
- create 4,567 jobs, quickly and cost effectively;
- increase home buyers cash flow and property values;
- decrease building energy consumption and operating costs;
- generate \$41.2 million in total state and local government tax revenue and \$2.1 million in annual property taxes – \$27.3 million of this amount before the \$20 million in incentives is given.

\$20 Million New Mexico Allocation (example)

