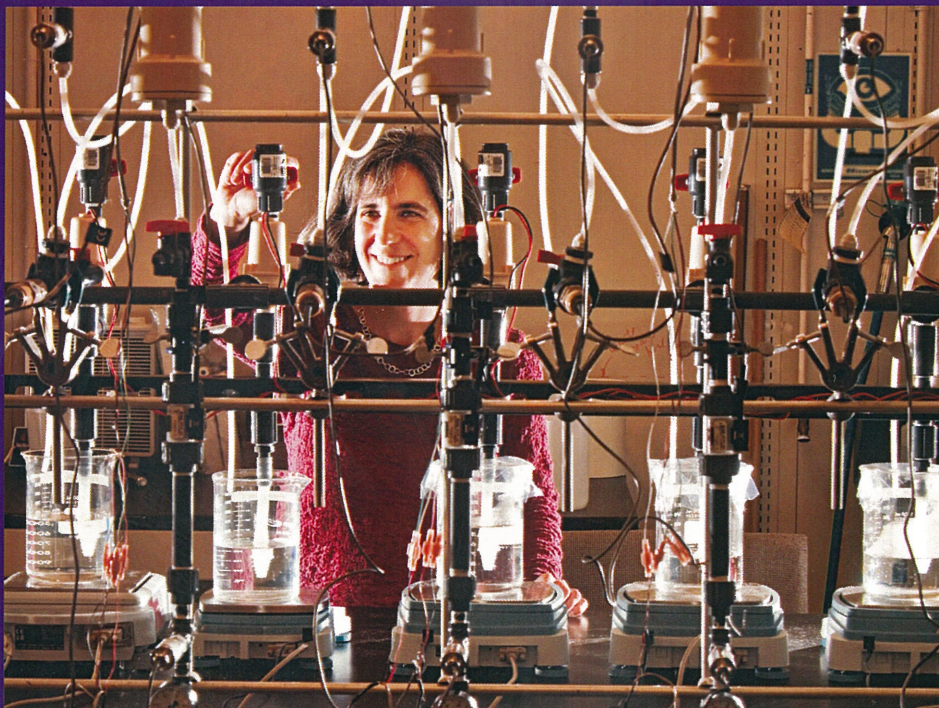




Programs, Services & Incentives

June 2016



INTRODUCTION

The Economic Development Department (EDD) assists communities in achieving their respective goals for economic sustainability and growth. This is accomplished by providing programs and assistance to companies creating new jobs and by providing technical expertise to communities in building and marketing their economic development product.

BUSINESS ASSISTANCE

BUSINESS RESOURCE CENTER

The BRC is a one-stop shop for New Mexico businesses. The site, www.nmbrc.com, will offer information and resources to start, sustain and grow a business here. Users may choose to navigate the site on their own or complete a short intake form to receive customized assistance and mentoring toward achieving their business development goals.

Visit the BRC website at www.nmbusinessresourcecenter.com

OFFICE OF BUSINESS ADVOCACY (OBA)

The Office of Business Advocacy assists business owners who are experiencing regulatory roadblocks and red tape. OBA helps to navigate state government by providing assistance with permitting, licenses, and inspections, among other issues. It also resolves challenging bureaucratic, intergovernmental, and public policy problems adversely affecting New Mexico businesses. The goal is to help businesses who would not otherwise be able to hire an attorney, accountant, or lobbyist to resolve their issues with state government. In the last two years OBA has successfully resolved more than 100 cases.

Visit the OBA website at: www.NMforBusiness.com

OFFICE OF INTERNATIONAL TRADE (OIT)

The Office of International Trade supports job creation, retention and expansion by assisting New Mexico companies in capitalizing on opportunities in the competitive global market place. OIT promotes and facilitates the export of New Mexico goods and services worldwide.

Services provided by the OIT include:

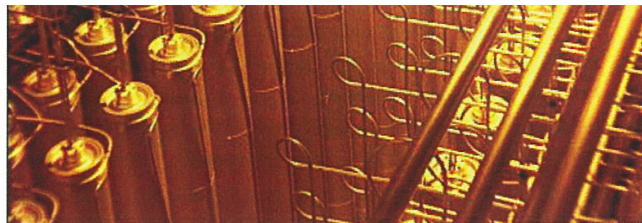
- One-on-one business consultations
- A network of foreign trade offices (Taiwan, Israel, and Mexico)
- Export promotion programs in partnership with the U.S. Department of Commerce
- Workshops and seminars to recruit New Mexico companies for participation in international trade events

Contact Edward Herrera, Director, 505.827.0315 or Edward.Herrera@state.nm.us

ISO 9001 TRAINING AND PREPARATION FOR CERTIFICATION

ISO is a set of quality management standards recognized by more than 178 countries. Most major companies and agencies of the federal government require their suppliers to be ISO compliant. ISO certification can be a lengthy and expensive process if undertaken in the private sector. EDD offers training to prepare for ISO 9001 certification affordably. Participants pay a sliding scale fee and training takes about six months. Professionals with extensive experience in ISO implementation conduct the workshop.

Contact Sara Haring, 505.827.0249 or Sara.Haring@state.nm.us



OFFICE OF SCIENCE & TECHNOLOGY (OST)

The Office of Science and Technology encourages start-up, relocation, development and growth of technology-based industry in New Mexico. The office supports initiatives to promote an expanded and diversified technology-based economy, emphasizing the state's technological strengths and commercial advantages. OST provides consultations for technology-based businesses on services and programs offered by EDD and a referral network to industry and investment partners

Contact Julia Wise, 505.827.0222 or JuliaL.Wise@state.nm.us

FINANCE DEVELOPMENT TEAM (FDT)

The Finance Development Team assists new and existing businesses by facilitating the use of financing tools available within New Mexico. Through FDT, companies are provided detailed information on tax incentives and financial assistance programs. A customized analysis of the incentives and state programs can be provided along with a financial analysis of a business to determine financial stability.

Finance Development Team Services:

- Introduction to business tax incentives which may result in cost savings for businesses
- Financial packaging (debt or equity) and/or accessing capital
- Review and interpretation of company financial statements
- Facilitation of finance programs such as the Local Economic Development Act (LEDA) capital outlay funds, Collateral Support Loan Participation Program, New Markets Tax Credit financing, USDA and SBA programs, Industrial Revenue Bonds, and various improvement and infrastructure district incentive analysis for businesses

LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) CAPITAL OUTLAY

EDD administers grants to local governments that stimulate economic development pursuant to the Act. The availability of LEDA grants is strictly based on the receipt of capital outlay funds allocated by the New Mexico Legislature. EDD targets economic development projects that comply with all legal facets of LEDA and that meet certain department goals tied to wealth creation, job creation and community support. The local government must have a LEDA ordinance in place to receive funding.

COLLATERAL SUPPORT LOAN PARTICIPATION PROGRAM (CSP)

In 2011, New Mexico was authorized to receive \$13.1 million from the U.S. Department of Treasury as part of the State Small Business Credit Initiative provided through the Small Business Jobs Act of 2010. The New Mexico Finance Authority (NMFA) administers these funds on behalf of the state through the CSP. In addition, the NMFA assists qualified governmental entities in the financing of capital equipment and infrastructure projects at any stage of completion – from pre-planning through construction – by providing low cost funds and technical assistance. NMFA program information can be found at www.nmfa.net.

The CSP is able to quickly fund and efficiently lower the interest rate paid by the business and mitigate the bank's risk. This allows companies to obtain the capital required to leverage private lending. The Program utilizes a streamlined, single application process, and the NMFA maintains the relationship with the bank and the bank maintains the relationship with the borrower.



In order to qualify for funds through the Collateral Support Loan Participation Program, a small business must:

- Be located in New Mexico
- Use the loan proceeds for business purposes
- Be a non-profit corporation or a for-profit corporation, partnership, limited liability company or partnership, sole proprietorship, cooperative or other entity that is authorized to conduct business in the State of New Mexico
- Have 500 or fewer employees
- Meet the bank's lending requirements with the exception of deficient collateral

Contact Juan Torres, Finance Development Team Leader, 505.827.0238 or Juan.Torres@state.nm.us

JOB TRAINING INCENTIVE PROGRAM (JTIP)

JTIP supports economic development in New Mexico by reimbursing expanding or relocating companies a significant portion of training costs associated with newly created jobs. Training costs may include base wages during the initial month(s) on the job, customized training provided by educational institutions for qualified new hires and travel expenses related to training.

JTIP reimburses 50-85 percent of the trainee's wages for up to six months. Intern wages may be reimbursed for up to four months. Custom training at a public educational institution may also be covered. Manufacturing companies, certain green industries, and nonretail service companies, including regional or national headquarter facilities, which export a substantial percentage (50%) of service out of state may qualify.

STEP-UP TRAINING PROGRAM

STEP-UP was established as a supplement to JTIP to assist qualified companies with job training for their existing workforce. The Program reimburses a portion of direct training costs associated with enhancing existing job skills or providing new skills to current employees. Eligible training costs include tuition, registration fees, certification and licensing fees, instructional materials, supplies, outside instructor fees and travel expenses. Consortium training may also be eligible. Companies that meet the basic JTIP eligibility requirements and have been in operation in New Mexico for at least one year may qualify.

Contact Sara Haring, JTIP Program Manager, 505.827.0249 or Sara.Haring@state.nm.us

COMMUNITY DEVELOPMENT ASSISTANCE

NEW MEXICO BUSINESS INCUBATOR PROGRAM

In 2005 the legislature created a process to certify business incubators for funding. The process is intended to encourage incubation best practices to optimally serve the business community and enhance the sustainability of facilities and programs.

There are currently five certified incubators in the Program:

- South Valley Economic Development Center (Albuquerque)
- Santa Fe Business Incubator
- WESST Enterprise Center (Downtown Albuquerque)
- San Juan College Quality Center for Business (Farmington)
- Arrowhead Technology Center at New Mexico State University (Las Cruces)

Contact Elizabeth Davis, 505 827.0333 or Elizabeth.Davis@state.nm.us



COMMUNITY, BUSINESS AND RURAL DEVELOPMENT TEAM (CBRDT)

The CBRDT, commonly known as "regional representatives," assist communities in building their capacity for development by helping to identify strategic opportunities for economic growth. They also assist communities in accessing the resources to prepare for economic development. This includes funding infrastructure projects critical for growth and sustainability.

Regional representatives have helped 79 New Mexico communities pass a Local Economic Development Act (LEDA). In passing LEDA a community adopts an ordinance creating an economic development organization and a strategic plan. This empowers communities to embark on economic development projects tailored to their needs.

The Team is also responsible for the department's Business Retention & Expansion (BRE) Program. Each CBRDT member surveys economic base businesses in their regions, maintains a relationship with each business, and provides technical assistance to address growth needs or respond to issues identified by the company.

Find your Team member at www.goNM.biz/community-development/

TRIBAL LIAISON PROGRAM

The Tribal Liaison Program assists Native American communities in identifying opportunities for economic development. The program also assists tribes in accessing state funding, incentives and other resources.

Contact: Mark Roper, 575.562.0327 or Mark.Roper@state.nm.us

NEW MEXICO RURAL ECONOMIC DEVELOPMENT COUNCIL

Created and appointed in October 2012 by Secretary Barela, the Rural ED Council is comprised of representatives of each region of the state and the Office of Indian Affairs. The Council provides feedback and suggestions to the department on rural policy issues and programs. In its first two years the Council has identified several issues critical to rural New Mexico: broadband infrastructure build-out; economic development training; liquor license policy and regulations; and funding for business and community development projects.

As a result of their actions and recommendations, the Certified Communities Initiative will evolve in FY2016 to a project grant program. New Mexico FUNDIT is also an initiative of the Council.

Contact: Mark Roper – 575-562-0327 or Mark.Roper@state.nm.us

NEW MEXICO FUNDIT

To address infrastructure funding, which was once accomplished by shopping a project to a number of separate agencies, the Council recommended the establishment of New Mexico FUNDIT. FUNDIT is a group of state and federal agencies that have sources of infrastructure funding. With a single completed application a community or business can have a project vetted by the group instead of undertaking multiple agency applications and visits. FUNDIT is managed by CBRDT

Find your Team member at www.goNM.biz/community-development/



NEW MEXICO MAINSTREET PROGRAM (NMMS)

The New Mexico MainStreet Program (NMMS) is part of an economic development network including 43 states, 19 urban and county programs, and 2,000 communities across the country. Utilizing the Main Street Four-Point Approach® developed by the National Main Street Center, the local MainStreet organization works in community development partnership with the municipality. The Program is tiered; based on their capacity local affiliates move from “Emerging Community,” to “Start-Up MainStreet Community,” and finally to “State-Certified MainStreet Program.”

MainStreet provides expert assistance to help property and business owners rehabilitate buildings and address infrastructure needs; and market and promote the district as a destination for locals and visitors alike. This comprehensive community economic development approach creates an environment that attracts new businesses and entrepreneurs and results in job creation and private reinvestment in the district.

Three recent initiatives have been added under the MainStreet umbrella: Frontier Communities, Historic Theaters, and Historic Plazas. The Frontier Communities Initiative was established by the New Mexico Legislature in 2013. It is a community partnership program that brings together technical assistance from MainStreet with a financial commitment toward the proposed project from the public sector. Projects must have a positive economic impact in the traditional or historic commercial district in communities of no more than 7,500 in population.

The New Mexico Historic Theaters initiative was created by Cabinet Secretary Jon Barela in January 2013 as it became apparent that many of the state’s historic cinemas were endangered. The initiative supports landmark historic theaters in rural New Mexico by providing grant funding to convert film projection technology to digital formats.

Historic Plazas is a new initiative focused on cultural asset revitalization in partnership with local communities. The program is an outgrowth of the development of a database at the department, documenting various plazas around the state including traditional Hispanic, Mexican and Native American. Villages whose historic plazas are central to their community’s vitality may apply for technical assistance in restoration of these spaces.

Arts and Cultural District Program (ACD)

The New Mexico Arts & Cultural District (ACD) Program was one of the first in the nation to focus on growing the cultural economy. “State-Authorized” programs receive a District evaluation by a professional resource team and are eligible for funding for an ACD Cultural Plan and an ACD Master Plan to establish goals and identify priority infrastructure and capital improvement projects. The Cultural Plan and Master Plan for the ACD must be adopted by the partnering municipality and may serve to create local financial tools to invest in projects.

Contact Rich Williams, MainStreet & ACD Director, 505.827.0168 or Rich.Williams@state.nm.us

STATE DATA CENTER

Through an agreement with the U.S. Census Bureau the State Data Center is responsible for disseminating Census data to New Mexicans. The website, www.nmstatedatacenter.com, provides federal and state data products and links to additional information. It is also home to EDD’s searchable commercial real estate database. Data Center staff provide customized assistance whenever possible. The SDC also provides economic impact data for business development projects, and assists the regional representatives with community or regional strategic planning.

Contact Ndem Tazoh Tazifor, Economist, 505.827.2191 or Ndem.TazohTazifor@state.nm.us

BUSINESS DEVELOPMENT INCENTIVES

JOB TRAINING INCENTIVE PROGRAM (JTIP)

JTIP has been recognized nationally as one of the most aggressive workforce development incentives in the country. To learn more about the Program and determine your business’ eligibility see page 3.

TAX INCENTIVES

ANGEL INVESTMENT CREDIT

A taxpayer who files a New Mexico income tax return and who is a “qualified investor” may take a tax credit of up to \$62,500 (25% of a qualified investment) for an investment made in each of up to five New Mexico companies that are engaging in qualified research as defined by the Internal Revenue Code or manufacturing. The taxpayer may claim the Angel Investment Credit for one qualified investment per investment round. Any portion of the tax credit remaining unused at the end of the taxpayer’s taxable year may be carried forward for five consecutive years.

Contact Antoinette Patnode, 505.827.0330 or Antoinette.Patnode@state.nm.us

HIGH WAGE JOBS TAX CREDIT

A taxpayer who is an eligible employer may apply for and receive a tax credit for each new high-wage economic-base job. The credit amount equals 10% of the wages and benefits paid for each new economic-base job created.

Qualified jobs:

- Pays at least \$40,000/year in a community with a population of less than 40,000
- Pays at least \$60,000/year in a community with a population of 40,000 or more
- Occupied for at least 48 weeks by the employee

The wage thresholds apply to jobs created after July 1, 2015.

Qualified employers:

Are growing with employment greater than the previous year; and

- Made more than 50% of its sales to persons outside New Mexico during the most recent 12 months of the employer’s modified combined tax liability reporting periods ending prior to claiming this credit
- Are eligible for the Job Training Incentive Program

Qualified employers can take the credit for 4 years. The credit may only be claimed for up to one year after the end of the four qualifying periods. The credit can be applied to the state portion of the gross receipts tax, compensating tax and withholding tax. Any excess credit will be refunded to the taxpayer. The credit shall not exceed \$12,000 per year, per job.

Qualified employees:

- Must be a resident of New Mexico
- Cannot be a relative of the employer or own more than 50% of the company



RURAL JOBS TAX CREDIT

This credit can be applied to taxes due on (state) gross receipts, corporate income, or personal income tax. Rural New Mexico is defined as any part of the state other than Los Alamos County; certain municipalities: Albuquerque, Rio Rancho, Farmington, Las Cruces, Roswell, and Santa Fe; and a 10-mile zone around those select municipalities.

Company eligibility:

Companies that manufacture or produce a product in New Mexico
Non-retail service companies that export a substantial percentage of services out of state (50% or more revenues and/or customer base).
Certain green industries

The rural area is divided into two tiers:

- Tier 2 = Non-metro area municipalities that exceed 15,000 in population: Alamogordo, Carlsbad, Clovis, Gallup, and Hobbs;
- Tier 1 = Everywhere else in a rural area

The maximum tax credit amount with respect to each qualifying job is equal to:

- Tier 1: 25% of the first \$16,000 in wages paid for the qualifying job (may be taken at \$1,000 per year for four years)
- Tier 2: 12.5% of the first \$16,000 in wages paid for the qualifying job (may be taken at \$1,000 per year for two years)

A qualifying job is a job filled by an eligible employee for 48 weeks in a 12-month qualifying period. The credit may be carried forward for up to 3 years.

TECHNICAL JOBS AND RESEARCH & DEVELOPMENT TAX CREDIT

A taxpayer that employs no more than 50 employees, has qualified expenditures of no more than \$5 million, and who conducts qualified research and development at a facility in New Mexico is allowed a basic tax credit equal to five percent (5%) of qualified expenditures, and an additional four percent (4%) credit toward income tax liability by raising its in-state payroll \$75,000 for every \$1 million in qualified expenditures claimed. The tax credit doubles for expenditures in facilities located in rural New Mexico (as defined for this tax credit as anywhere outside a three-mile radius of an incorporated municipality with a population of 30,000 or more).

The taxpayer claims the credit within one year following the end of the year in which the expenditure was made. The credit amount is applied against the taxpayer's state gross receipts, compensating and withholding liabilities until the credit is exhausted.

Eligible Uses

- Expenditures: Includes a wide range of non-reimbursed expenses such as payroll, consultants and contractors performing work in New Mexico, software, equipment, technical manuals, rent, and operating expenses of facilities.
- Research: Must be technological in nature and constitute elements of a process of experimentation leading to new or improved function, performance or reliability (not cosmetic, style).
- Facility: A building or group, with land and machinery, equipment and other real or personal property used in connection with the operation of the facility; excludes national labs.

INVESTMENT TAX CREDIT FOR MANUFACTURERS

Manufacturers may take a credit against gross receipts, compensating or withholding taxes equal to 5.125% of the value of qualified equipment when the following employment conditions are met:

- For every \$500,000 of equipment, one employee must be added up to \$30 million; and
- For amounts exceeding \$30 million, one employee must be added for each \$1 million of equipment

The manufacturer simply reduces its tax payment to the state (by as much as 85% per reporting period) until the amount of investment credit is exhausted. There also are provisions for issuing a refund when the credit balance falls under \$500,000. The credit does not apply against local gross receipts taxes.

SINGLE SALES FACTOR

On January 1, 2014, New Mexico began phasing in a single sales factor apportionment methodology for corporations whose principal business activity is manufacturing. For the purposes of apportioning income, "manufacturing" excludes construction, farming, power generation, and processing natural resources including hydrocarbons.

MANUFACTURERS CONSUMABLES GROSS RECEIPTS TAX EXEMPTION

Tangible personal property consumed in manufacturing and utilities purchased for manufacturing are exempt from gross receipts tax. The purchaser uses a Nontaxable Transaction Certificate provided by the Taxation & Revenue Department to avoid paying the tax at the time of purchase.

CORPORATE HEADQUARTERS SINGLE SALES APPORTIONMENT FACTOR

In taxable years that begin on or after January 1, 2015, corporate headquarters operations may elect to have business income apportioned to New Mexico subject to a single sales factor apportionment methodology.

CHILD CARE CORPORATE INCOME TAX CREDIT

Corporations providing or paying for licensed child care services for employees' children under 12 years of age may deduct 30% of eligible expenses from their corporate income tax liability for the taxable year in which the expenses occur. For a company operating a value-added day care center for its employees, this credit reduces the cost to provide this benefit to employees. The corporate income tax credit is 30% of eligible costs up to \$30,000 in any taxable year. Unused credit amounts may be carried forward for three years.

ADVANCED ENERGY INDUSTRY INCENTIVES

ADVANCED ENERGY DEDUCTION AND ADVANCED ENERGY TAX CREDIT

Receipts from selling or leasing tangible personal property or services that are eligible generation plant costs to a person that holds an interest in a qualified generating facility are deductible from gross receipts



and compensating tax. In addition, a taxpayer who holds an interest in a qualified generating facility in New Mexico that files a corporate income tax return may claim a credit for six percent (6%) of the eligible generation plant costs of a qualified facility.

ALTERNATIVE ENERGY PRODUCT MANUFACTURERS TAX CREDIT

Manufacturers of certain alternative energy products may receive a tax credit not to exceed five percent (5%) of qualified expenditures for purchase of manufacturing equipment used in the manufacturing operation. This credit is designed to stimulate the development of new alternative energy manufacturing facilities.

BIODIESEL BLENDING FACILITY TAX CREDIT

An operator of a refinery in New Mexico, any person who blends special fuel in New Mexico, or the owner of special fuel stored at a pipeline terminal in New Mexico, who installs biodiesel blending equipment for the purpose of establishing or expanding in a facility to produce blended biodiesel fuel is eligible to claim a credit against gross receipts tax or compensating tax. A certificate of eligibility must be obtained from the Energy, Minerals, and Natural Resources Department to apply for this credit. The credit is equal to 30% of the purchase cost of the equipment plus 30% of the cost of installing that equipment. The credit cannot exceed \$50,000 with respect to equipment installed at any one facility. The credit may be applied against the taxpayer's gross receipts or compensating tax liability and may be carried forward for four years from the date of the certificate of eligibility.

BIOMASS-RELATED EQUIPMENT AND MATERIALS DEDUCTION

The value of equipment such as a boiler, turbine-generator, storage facility, feedstock processor, interconnection transformer or biomass material used for bio-power, bio-fuels, or bio-based products may be deducted in computing the compensating tax due.

RENEWABLE ENERGY PRODUCTION TAX CREDIT

A corporate or personal taxpayer who owns a qualified energy generator is eligible for a tax credit in an amount equal to one cent (0.01) per kilowatt hour of electricity produced by the qualified energy generator using a qualified energy resource in the tax year. A variable rate of credit is added for electricity produced using solar energy. The rate starts at 1.5 cents in the first year of operation and increases in increments of 1/2 cent each of the next five years, to a maximum of four cents, and then will decline by 1/2 cent per year in the next four years to two cents in the tenth year of operation. The one cent per kilowatt hour rate applies for all other qualified energy generation facilities. The facility must generate a minimum of one megawatt. The total amount of electricity that can qualify for the corporate and individual income tax credits is two million megawatts for wind and biomass with an additional 500,000 megawatt hours allowed for solar-generated power.

AGRICULTURAL BUSINESS TAX DEDUCTIONS AND EXEMPTIONS

Feed for livestock, including the baling wire or twine used to contain the feed, fish raised for human consumption, poultry or animals raised



for hides or pelts and seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects, fungicides, weedicides and water for irrigation

- Warehousing, threshing, cleaning, harvesting, growing, cultivating or processing agricultural products including ginning cotton and testing and transporting milk
- Feeding, pasturing, penning, handling or training livestock and, for agribusinesses, selling livestock, live poultry and unprocessed agricultural products, hides and pelts
- Fifty percent (50%) of receipts from selling agricultural implements, farm tractors or vehicles
- Receipts from sales of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle if the sale is made to one of the following:
 1. A person engaged in the business of ranching or farming, including dairy farmers
 2. A veterinarian who is providing veterinary medical services, medicine or medical supplies in the treatment of cattle owned by a person engaged in the ranching or farming business

AEROSPACE AND AVIATION INDUSTRY INCENTIVES

AIRCRAFT DEDUCTIONS

- Receipts from selling aircraft parts or maintenance services for aircraft or aircraft parts
- Receipts of an aircraft manufacturer from selling aircraft flight support, pilot training or maintenance training services
- Receipts from the sale of or from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over 10,000 pounds gross landing weight
- Fifty percent (50%) of gross receipts from selling other aircraft
- Fifty-five percent (55%) of the receipts from selling jet fuel for use in turboprop or jet engines until June 30, 2017; forty percent (40%) after June 30, 2017

DIRECTED ENERGY AND SATELLITES

Receipts from the sale of qualified research and development services and qualified directed energy and satellite-related inputs to the Department of Defense may be deducted from gross receipts.

MILITARY ACQUISITION PROGRAM TAX DEDUCTION

Receipts from transformational acquisition programs performing research and development, testing, and evaluation at New Mexico major range and test facility bases pursuant to contracts entered into with the U. S. Department of Defense may be deducted from gross receipts.

RESEARCH AND DEVELOPMENT TAX DEDUCTION

Aerospace services or the research and development services sold or for resale to an organization for resale by the organization to the U.S. Air Force. When R&D services are sold to Phillips Laboratory for resale to the Air Force, the seller's receipts are deductible. If the R&D services are sold to an intermediary for resale to Phillips Laboratory for resale to the Air Force, those receipts are also deductible.



SPACE GROSS RECEIPTS TAX DEDUCTIONS

There are four separate deductions connected with the operation of a spaceport in New Mexico. The four deductions are:

1. Receipts from launching, operating or recovering space vehicles or payloads
2. Receipts from preparing a payload in New Mexico
3. Receipts from operating a spaceport in New Mexico
4. Receipts from the provision of research, development, testing and evaluation services for the United States Air Force Operationally Responsive Space Program

"Space" is defined as any location beyond altitudes of 60,000 feet above mean sea level. "Payload" means a system, subsystem or other mechanical structure designed and constructed to perform a function in space. "Space operations" is defined as the process of commanding and controlling payloads in space. "Spaceport" is defined as the installation and related facilities used for the launching, landing, operating, recovering, servicing and monitoring of vehicles capable of entering or returning from space.

BORDER LOCATIONS

TRADE SUPPORT COMPANY IN A BORDER ZONE

The receipts of a customs brokerage firm or freight forwarder may be deducted from gross receipts if the company first locates in New Mexico within twenty (20) miles of an international port of entry in New Mexico on New Mexico's border with Mexico, at which customs services are provided by United States Customs and Border Protection on or after July 1, 2003 but before July 1, 2013, or on or after January 1, 2016 but before January 1, 2021. The deduction is valid for those receipts derived from the company's business activities and operations at its border zone location within five years of the date on which the company locates in New Mexico. To qualify, the company must employ at least two employees in New Mexico.

TEXAS/MEXICO BORDER RESIDENTS' TAX EXEMPTION

Non-resident employees may allocate their compensation to their home state. Since Texas does not have a personal income tax, Texas residents working at the New Mexico enterprise will not have to pay any state income tax on their compensation from the enterprise. The enterprise must be in the manufacturing business, physically located within 20 miles of the Mexican border, have at least 5 employees who are New Mexico residents and not be receiving Job Training Incentive Program funds.

OTHER

BEER AND WINE PRODUCERS PREFERENTIAL TAX RATE

Microbreweries producing less than 5,000 barrels of beer annually and small wineries producing less than 560,000 liters of wine per year qualify for a preferential tax rate. The Liquor Excise Tax Act imposes taxes on beer, wine and spirituous liquors. The basic tax rate for wine is 45 cents per liter. Wine produced by a small vintner carries a tax of 10 cents per liter on the first 80,000 liters and 20 cents on production over that level up to 560,000 liters. The basic tax rate for beer produced by a brewery is 41 cents; beer produced by a microbrewery (producing less than 5,000 barrels annually) is taxed at 8 cents per gallon.



FINANCIAL MANAGEMENT TAX CREDIT

Receipts from fees received for performing management or investment advisory services for a related mutual fund, hedge fund or real estate investment trust may be deducted from gross receipts.

LOCOMOTIVE FUEL GROSS RECEIPTS & COMPENSATING TAX EXEMPTION

Receipts from the sale of fuel to a common carrier to be loaded or used in a locomotive engine may be deducted from the gross receipts and the value of fuel sold to a common carrier to be loaded or used in a locomotive engine may be deducted in computing the compensating tax. "Locomotive engine" is defined as a wheeled vehicle consisting of a self-propelled engine that is used to draw trains along railway tracks. To be eligible, the fuel sold must be used or loaded by a common carrier that: (1) after July 1, 2011, made a capital investment of one hundred million dollars (\$100,000,000) or more in new construction or renovations at the railroad locomotive refueling facility in which the fuel is loaded or used; or (2) on or after July 1, 2012, made a capital investment of fifty million dollars (\$50,000,000) or more in new railroad infrastructure improvements, including railroad facilities, track, signals and supporting railroad network, located in New Mexico; provided that the new railroad infrastructure improvements are not required by a regulatory agency to correct problems, such as regular or preventive maintenance, specifically identified by that agency as requiring necessary corrective action.

RURAL SOFTWARE DEVELOPMENT GROSS RECEIPTS TAX DEDUCTION

Receipts from the sale of software development services may be deducted from gross receipts tax when the service is performed in a rural area. Software development services include custom software design and development and web site design and development, but does not include software implementation or support services. A rural area is defined as any not within the municipal boundaries of the cities of Albuquerque, Las Cruces, Rio Rancho and Santa Fe.

WEB HOSTING GROSS RECEIPTS TAX DEDUCTION

Receipts from hosting World Wide Web sites may be deducted from gross receipts. Hosting means storing information on computers attached to the internet.

The source of the information provided in this brochure is the New Mexico Taxation and Revenue Department: <http://www.tax.newmexico.gov/>



The New Mexico Economic Development Department makes every effort to provide current and accurate information and data. The incentives described in this brochure are subject to amendment by the legislature and regulatory interpretation or other action by administrative agencies and may be subject to a cap or other limitation on expenditures. Please contact us regarding any changes to incentives or questions about eligibility.



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This brochure is for illustrative purposes only and is intended to provide a general review of programs and policies described. It is not a contract.

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