



Incentives for Economic Growth

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JTIP Builds the Workforce

*Direct cash
reimbursement to the
company at the
conclusion of training*



Funds classroom and on-the-job training for newly-created jobs in expanding or relocating businesses for 360 to 1,040 hours of training.

JTIP reimburses 50 to 85% of employee wages during training.

Eligible Businesses:

- Companies that manufacture
- Non-retail service companies that export a substantial percentage of services (50% or more)
- Certain green industries

Eligible Jobs:

- Full-time (minimum of 32 hours/week) & Year-round
- Directly related to the creation of the product or service
- Trainees must be guaranteed full-time employment
- Intern positions are eligible

High Wage Jobs Tax Credit

This credit is one of the most important tools for recruiting high-paying, quality jobs



An eligible taxpayer may receive a credit for each new high-wage economic base job equal to 8.5% of the wages.

Qualified Jobs:

- Pay at least \$40,000/year in a community with a population of less than 60,000
- Pay at least \$60,000/year in a community with a population of 60,000 or more
- Occupied for at least 44 weeks by the employee

Qualified employers are eligible for JTIP

- Qualified employers can take the credit for 4 years and can be applied to the state portion of gross receipts, compensating and withholding taxes.
- The credit is capped at \$12,750 per year, per job.

Rural Jobs Tax Credit

This credit incentivizes companies to consider creating jobs in rural communities



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.

The rural area is divided into two tiers:

Tier 2 = Non-metro area municipalities that exceed 15,000 in population: Alamogordo, Carlsbad, Clovis, Gallup, Sunland Park 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:** \$1,000 per year for four years
- **Tier 2:** \$1,000 per year for two years

A qualifying job is a job filled by an eligible employee for 44 weeks in a 12-month qualifying period. The credit may be carried forward for up to 3 years.

Manufacturers Investment Tax Credit

Direct savings against typical monthly expenses, additionally this tax credit can still be applied to IRB funded projects.



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

- For every \$750,000 of equipment, one employee must be added up to \$30 million
- For amounts exceeding \$30 million, one employee must be added for each \$1 million of equipment
- The manufacturer reduces its tax payment to the state until the amount of the Investment Credit is exhausted. There are provisions for issuing a refund when the credit balance falls under \$500,000.
- Beginning July 1, 2021, the credit expands to apply against the compensating tax and/or local gross receipts tax.

R&D Tax Credit

Direct savings against typical monthly expenses, additionally this tax credit may not be applied to IRB funded projects.



R&D Tax Credit allows for 5% (10% in rural areas) of expenditures related to qualified research for payroll, land, buildings, equipment, computer software and upgrades, consultants and contractors performing work in New Mexico*, technical books, manuals and test materials.

- The credit may be carried forward for up to three years.
- An additional 5% (10% in rural areas) may be applied against state income tax if base payroll expenses increase by at least \$75,000 per \$1,000,000 of expenditures claimed. The credit may be carried forward for up to three years.
- Credits are not available for:
 - Investments in personal property that have been given a credit under the Investment Credit Act
 - National laboratories
 - Property owned by the taxpayer or an affiliate before July 3, 2000
 - *Contract research & development

Local Economic Development Act (Fund) LEDA

Cash reimbursement for costs associated with land building and infrastructure



- Local Economic Development Act (LEDA) helps build the business infrastructure in support of a job-creating expansion
- A direct cash reimbursement to off-set expenditures tied to land, building and infrastructure
- This is a discretionary tool administered by the Executive Branch to facilitate both recruitment and job-creating expansion of existing companies
- The level of capital investment as well as the quality and quantity of jobs to be created influence the amount of LEDA awarded
- LEDA funds are typically disbursed during the earlier stages of project, on a reimbursement basis at key performance milestones, with the company providing collateral to refund the award in the event of performance shortfall

LEDA GRT Share

Cash reimbursement for costs associated with land building and infrastructure



- Project in excess of \$350 million in *construction* costs
 - This is construction only does not include other capital investments, such as furniture, fixtures, equipment, land acquisition, etc.
- All taxing authorities must agree to the GRT share
 - Based on project location, the affected City, County and State must all agree to the GRT share.
- Only General Funds are impacted
 - City or County GRT that is dedicated to a specific purpose or pledged for financing are not subject to the share agreement; only those funds that go to local general fund.
- GRT share is 50% of GRT *collected*
 - Funds are collected by TRD and verified to be part of the project before they are distributed back to the LEDA Fund.

Industrial Revenue Bonds

IRB's offer immediate savings on equipment purchases for the project and long-term savings on Real Estate and Personal Property ad valorem taxes.



IRBs are a tool to encourage business expansions and relocations, job growth and capital investment providing for long-term Property Tax Abatement (OpEx) and Compensating Tax/GRT exemption on equipment purchased.

Local governing body must vote to induce the IRB and the company must secure its own purchaser of the IRBs, or the company may purchase its own IRB.

IRBs can be used for land, buildings, furniture, fixtures and equipment. Equipment only IRBs can be done. Working capital is not eligible.

IRBs exempt the project from property taxes for up to 30 years (20 in Albuquerque)

- Many municipalities look to hold special districts harmless via PILOT (i.e. Schools, Hospitals)

Typically associated with \$30-\$50k in fees

Rule of thumb for the IRB is investment should be north of \$4+ million

No GRT exemption on construction. Cost segregation studies can add additional savings



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