



# EDD

ECONOMIC DEVELOPMENT DEPARTMENT

## Revenue Stabilization and Tax Policy Committee

*Santa Fe, NM*

*December 17, 2024*



**Rob Black**  
Cabinet Secretary-Designate



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Deputy Cabinet Secretary

[EDD.NewMexico.gov](http://EDD.NewMexico.gov)

# OVERVIEW



- Mission and vision
- Economic trends
- Supporting state revenue growth in partnership with other stakeholders
- 2024 update to the *Empower and Collaborate* state plan
- Summary of incentive programs:
  - Film Tax Credit
  - Job Training Incentive Program
  - Local Economic Development Act

# EDD's MISSION & VISION

## MISSION

The mission of the New Mexico Economic Development Department is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive.

## VISION

New Mexico will have a diverse and robust economy that engages local talent, cultivates innovation, and delivers prosperity for all New Mexicans.



# NM ECONOMIC TRENDS

- 1.5% average growth rate
- In last decade, NM's GSP has lagged behind the southwest regional average growth by 7%
- Unemployment rate is 4%, with significant regional variation
- Highest wage growth in the nation from 2023-24, with average salaries rising by 6.5%
- Labor force participation rate is 57.2%, ranking 44<sup>th</sup> nationally
- Per capita income is \$54,428, ranking 46<sup>th</sup> nationally



# NM ECONOMIC TRENDS



- ***An overreliance on industries with limited employment growth***
- State economy driven by 4 major sectors:
  1. Government and Government Enterprises
  2. Finance, Insurance, Real Estate, Rental, and Leasing
  3. Professional and Business Services
  4. Mining, Quarrying, and Oil and Gas Extraction
- NM's public sector workforce accounts for **23.8%** of total workforce
- **NM is among the ten least economically diverse states in the U.S.**



# ASSURING LONG-TERM STATE REVENUE



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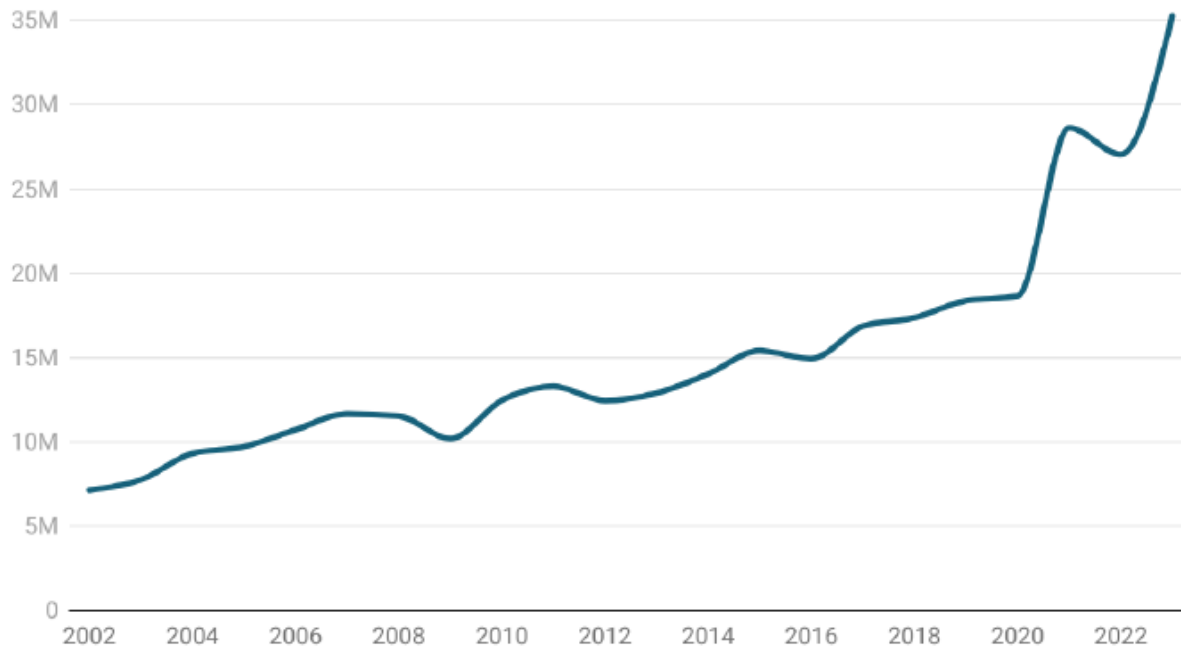
- Economic diversification and growth result in added revenues — focus on key industry sectors
- Permanent funds yield income
- Economic efficiency and improvements in fiscal policy structures lead to increased savings

*Note: local government finance varies substantially, and the needs and challenges of local governments are vastly different*

# RAPID STATE REVENUE GROWTH TIED TO OIL AND GAS

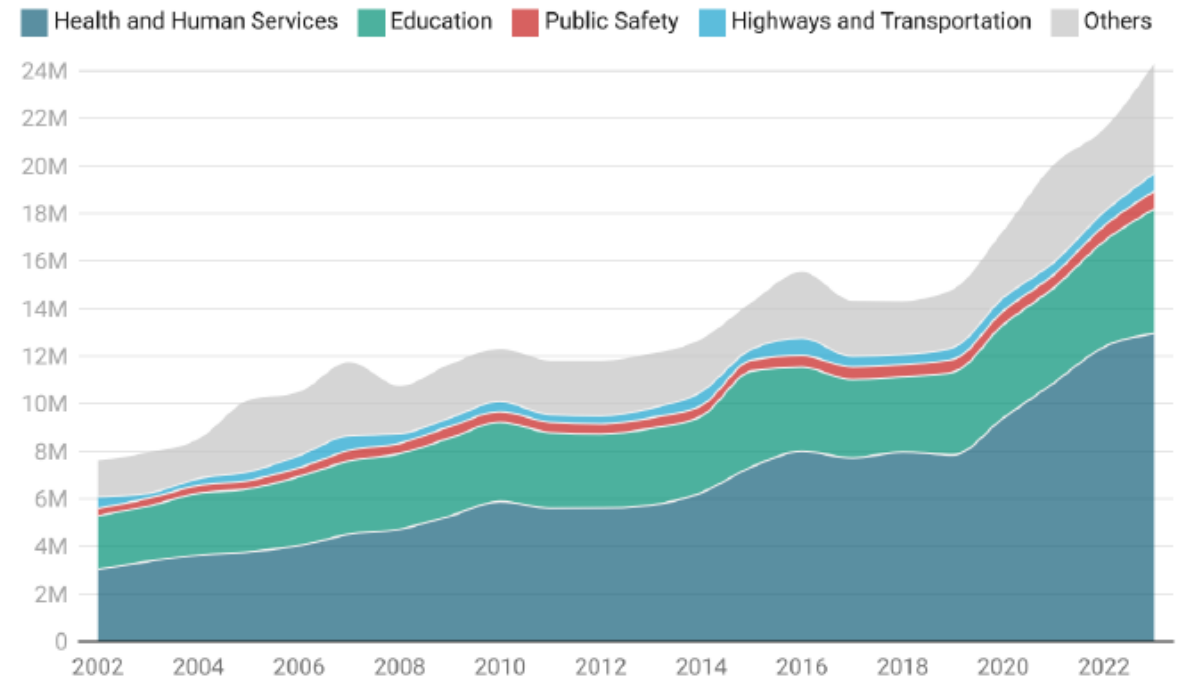


**Governmental Funds' Revenues Evolution**  
*(In thousands)*



Source: New Mexico's Annual Financial Reports • Created with Datawrapper

**Governmental Funds' Expenditure by category**  
*(In thousands)*

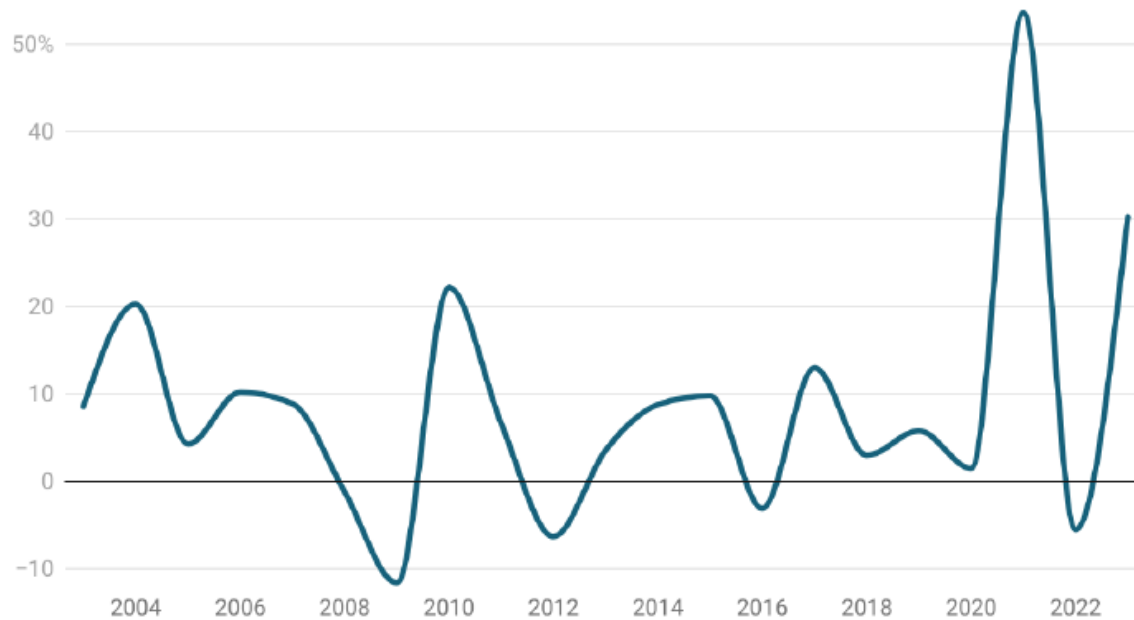


Source: New Mexico's Annual Financial Reports • Created with Datawrapper

# NM STILL FACES SIGNIFICANT FISCAL VULNERABILITY



## The Roller Coaster – Governmental Funds’ Revenues growth rate



Source: New Mexico's Annual Financial Reports • Created with Datawrapper

## Revenue volatility score

As an example, the 15-years score of 7.1 means that, from fiscal 2008 to 2022, the growth rate of total tax revenue across the states typically fluctuated 7.1 percentage points above or below its average.

	15-years volatility (2008-2022)	5-years volatility (2018-2022)
<b>General</b>		
50 states	7.1	8.4
<b>Top-6</b>		
Alaska	51.6	62.3
North Dakota	21.2	21.4
Wyoming	14.5	15.3
California	13.4	18.9
Utah	13.4	20.8
<b>New Mexico</b>	<b>11.9</b>	14.9
<b>Bottom-6</b>		
Wisconsin	4.8	4.7
South Dakota	4.6	5.3
Kentucky	4.4	5
Maryland	4.3	6.3
Arkansas	4	5.9
Iowa	3.9	4.3

Pew's volatility scores measure the variation in year-over-year percentage changes over the five- and 15-year periods ending in fiscal 2022, based on a calculation of standard deviation. A low score means that revenue growth rates were similar from year to year, and a high score indicates that growth rates varied more dramatically.

Source: The Pew Charitable Trusts • Created with Datawrapper



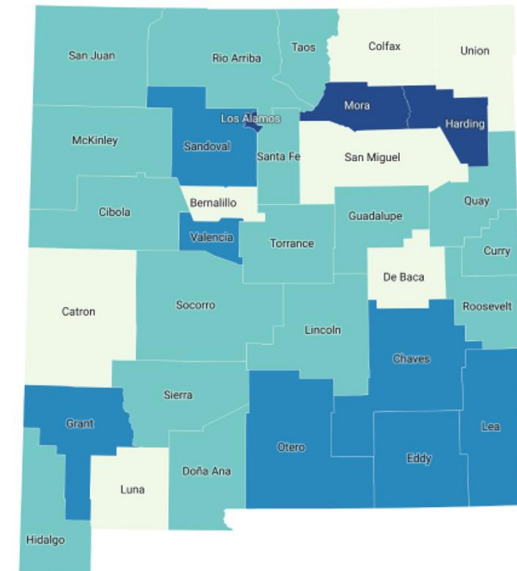
# REGIONAL AND LOCAL DISPARITIES

Economic planning must account for potential local disparities and reliance on a single source of revenue

## Economic activity – dominant sector’s share of GRT (2023)

Retail trade dominates the GRT revenue in 24 counties. Construction prevails in five counties (Harding, Mora, Sandoval, Sierra and Construction); Mining in Eddy and Lea; Utilities in Union; and Adm. & Waster Management in Los Alamos.

< 27.46%   27.46%–33.36%   33.36%–50.51%   ≥ 50.51%

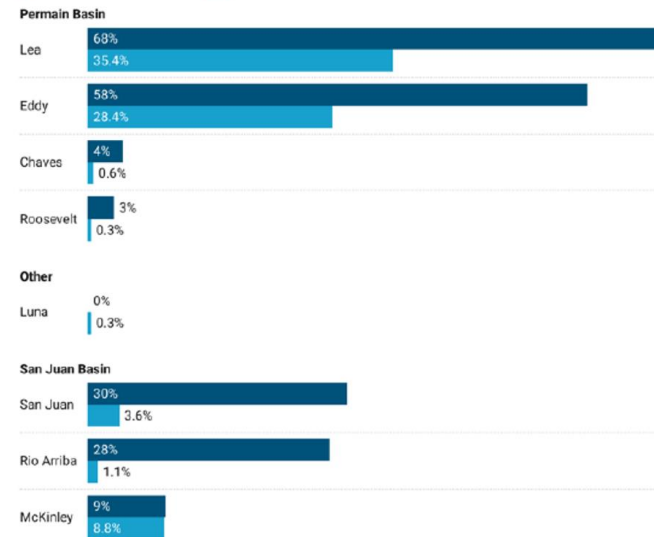


Source: EDD's online data • Created with Datawrapper

## Extractive Industries’ Share in Tax Revenues (2021)

Local property tax revenues include those flowing to counties, school districts, municipalities, and other taxing entities. Gross Receipts Tax (GRT) revenues include only the portion to counties.

■ Share of Local Property Tax   ■ Share of GRT County government



Source: (1) Raimi 2024, (2) New Mexico's Economic Development Department • Created with Datawrapper

# BUILDING REVENUE



Alongside the State Investment Council and other key stakeholders, EDD is working to assure stable long-term revenues for the state.

Smart fiscal policy and economic diversification go hand-in-hand toward building revenues for the state and creating a more resilient economy.

EDD's state plan is a critical element of these efforts.



# EDD's STATE PLAN 2024-25 UPDATE OVERVIEW



Per SB 112, New Mexico must “*develop a strategic plan to transition the state economy away from reliance on natural resource extraction.*”

- First in-house authorship of a state plan update
- Extensive research partnerships with thought leaders in economic development, fiscal policy, and more
- Promoting Growth in NM's Target Sectors:
  - Aerospace
  - Biosciences
  - Cybersecurity
  - Film & TV
  - Global Trade
  - Intelligent Manufacturing
  - Outdoor Recreation
  - Sustainable & Green Energy
  - Sustainable & Value-added Agriculture





# WHAT MAKES A GOOD INDUSTRY?



# FEATURES OF STATE PLAN UPDATE



- Breakdown of progress on each recommendation — **37%** of recommendations from 2021 plan have been completed.



- New data and analysis
- Community and stakeholder engagement

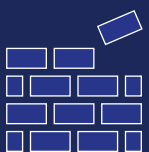


- EDD met with **140 individuals representing 70 organizations** for initial assessment

- Focus group with Councils of Governments and regional Comprehensive Economic Development Strategies

- Focus groups with former workers from San Juan Generating Station and coal mine and other local leaders from northwest NM

- Tribal Engagement Working Group



# KEY 2024-25 STATE PLAN INITIATIVES



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Enhancing site  
readiness

Increasing regulatory  
efficiency

Modernizing data  
management and  
visualization

Pursuing  
prioritization of key  
target sectors and  
sub-industries

Capitalizing on  
federal investment  
opportunities

Supporting extractive  
communities as they  
navigate economic  
uncertainty

# Incentive Programs

EDD's incentive programs are among several tools to promote growth in NM's target sectors.

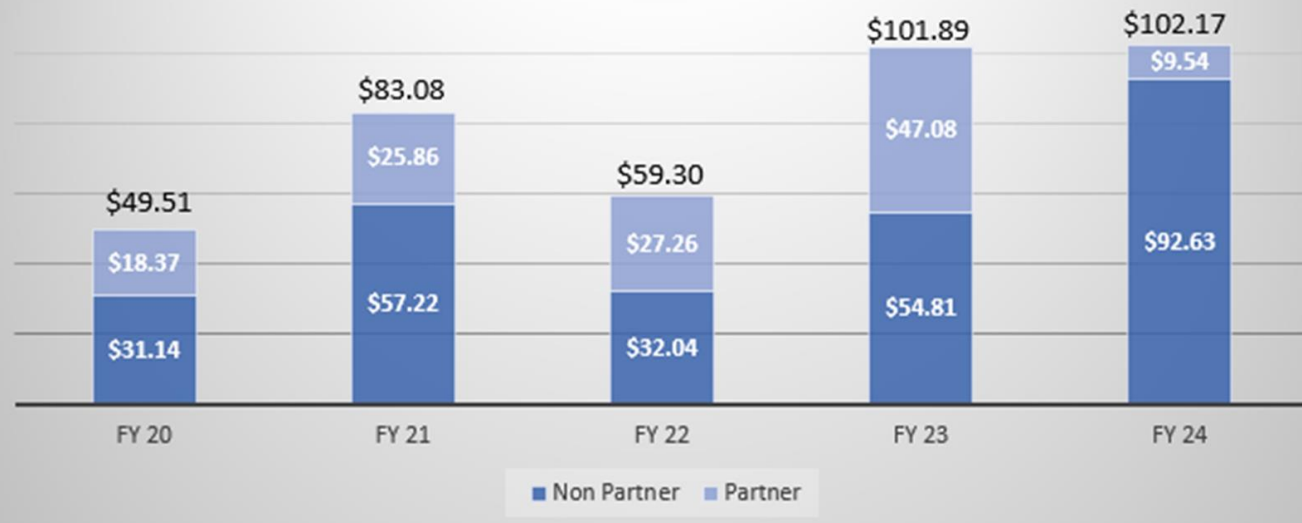


# NEW MEXICO FILM OFFICE

- ~ **8,000 jobs** -- and growing
- **39%** median wage increase since 2019  
**\$36.75** = NM film crew median wage,  
compared to \$20.97 in all other industries



Historic Tax Credit Payouts Per TRD





# FILM TAX CREDIT



- Designed to grow and sustain the film industry as a key pillar of New Mexico's economy with 25% - 40% Refundable Tax Credit, including 10% for production in Rural Uplift Zone
- Eligible expenses include wages for New Mexico workers and goods and services purchased in New Mexico
- Our unique Film Partner agreement has created long-term partnerships with industry leaders to produce and invest in the state
- \$740MM in direct spend in FY24, creating \$1.1B in economic impact in NM in FY24
- Provide training and education programs, including the Film Crew Advancement Program to support training for advanced positions.
- Media Arts Collective (MAC) – Partnership to provide craft-specific training at studio training facilities in Albuquerque and Las Cruces

# JOB TRAINING INCENTIVE PROGRAM



JTIP encourages **relocation, expansion, and hiring** within New Mexico. Employers throughout the state are creating high-quality jobs for New Mexicans.

## January 1, 2019 – November 30, 2024

- 529 projects
- \$66.6M awarded
- \$24.15/hr avg wage
- 221 companies with many repeats
- 99 or 45% in rural areas
- 2,831 Veterans
- 2,821 recent NM grads
- 292 interns (transitions into F/T jobs)
- 3,053 high wage (60k+urban/40K+rural)
- **12,110 total positions awarded**

# LOCAL ECONOMIC DEVELOPMENT ACT



## LEDA = Deal-Closing Fund

An investment of public monies into a private company to offset land, building, and infrastructure costs for qualified companies in an economic base sector.

Totals	LEDA	Jobs	Annual Payroll	CapX	10-yr Econ Impact
Urban	\$119M	9.6K	\$6.19M	\$8.2B	\$35.8B
Rural	\$35M	3.5K	\$1.8M	\$2.4B	\$8B
<b>Urban + Rural</b>	<b>\$154M</b>	<b>13.1K</b>	<b>\$7.9M</b>	<b>\$10.6B</b>	<b>\$43.8B</b>

## Active LEDA Projects

State Fiscal Benefit: **\$367M**

- State ROI on LEDA Awarded = **343%**
- Public ROI on LEDA Awarded = **1,340%**
- State ROI on LEDA Accessed = **669%**
- Public ROI on LEDA Accessed = **1,496%**

(Since 2019)

[EDD.NewMexico.gov/LEDA](http://EDD.NewMexico.gov/LEDA)



# EDD

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## Thank You!



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