

# COMPETITIVE INCENTIVES & ASSISTANCE

## Creativity & Community Investment Toward Growth



## GOVERNOR'S MESSAGE

"We are open for business. We have the right state legislative, local economic development, and university partners. We have demonstrated that we can do that better than anyone.

"My administration is committed to supporting businesses and entrepreneurs that invest in New Mexico"

-Governor Michelle Lujan Grisham  
May 2019 Jobs Announcement

"Businesses are seeing the advantages of New Mexico, our workforce, our climate and our strong incentives"

-Secretary of Econ. Dev. Alicia Keyes  
May 2019 Jobs Announcement

## OUR WAY OF DOING BUSINESS

Our standing incentives, both statutory and discretionary, are the foundation of our partnership with industry. Over the last decade, we have grown our supports and developed outside-the-box thinking to ensure business thrives in New Mexico. Here are just a few of those incentives available to companies locating and expanding here:

### CASH GRANTS

- **Local Economic Development Act (LEDA):** New Mexico's 14-year-old "job closing fund" consists of discretionary dollars that can be used toward investment in building(s), land, or infrastructure. Funds are granted to companies by the Cabinet Secretary of Economic Development in trade for a company's job growth within New Mexico
  - Local municipalities may provide additional local contributions (i.e., funding, infrastructure improvements, and deeding land) to increase the size of awards to companies creating jobs within their boundaries.

### CASH REIMBURSEMENTS

- **Job Training Incentive Program:** For over 45 years, JTIP has funded on-the-job and classroom training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses a portion of employee wages, regardless of where the training occurs. Custom training at a New Mexico public educational institution is also available through this program. *Reimbursements range from 50 to 85 percent depending on location within Doña Ana County and the wages paid.* Additionally, those positions that are eligible for the High Wage Jobs Tax Credit can be filled by individuals who have been residents of New Mexico for only a single day.
- **Wage+ Program:** These funds are only available to companies located within the City of Las Cruces. To qualify, a company must first be eligible under the City's Local Economic Development Act and complete the state's JTIP program. Upon completion, those positions that pay 10 percent above the median wage are eligible for additional cash reimbursements under this program (\$1,500 per qualified position).
- **Workforce Innovation & Opportunities Act:** A federally-funded program, WIOA reimburses 50 to 90 percent of wages paid to half of all trainees per contract period. This pool of funds can be used to pay for wages of non-New Mexico residents. The qualifying positions for this program begin at \$13.85/hour, but can be less with waivers. Reimbursements occur monthly upon timesheet submissions.
- **CareerLink:** A state-funded program, this is a full-support system designed to transition individuals from income support programs to full employment. SL Start conducts background checks and money management sessions while paying 100 percent of wages for six months. Companies agree to have individuals work for no more than 20 hours/work until the 6-month period is completed. These employees do not have to be on a company's payroll, making the individual a net-new hire for reimbursement under JTIP when hired full-time by the company.

## PROPERTY TAX ABATEMENTS

In New Mexico, we rank nationally as one of the lowest effective property tax rates in the country. This is because we only tax on one-third of the total valuation of real and personal property, *netting the company a 67 percent discount over other locations in the country*. We also do not tax inventory.

- **Industrial Development Bonds:** An IRB exempts a substantial portion of a company's property taxes and compensating taxes on real property (land and buildings) and personal property (equipment). This option typically abates 50 percent of taxes under a 20-year agreement and 75 percent under a 30-year agreement. All capital investments should total between \$4.5 and \$5 million for this option to be viable.
- **Community Development Incentive Act:** Known informally as an IRB Lite, this incentive allows for the exemption of personal property taxes when no real property (land and buildings) is involved. These investments are typically smaller in value than an IRB and are available for up to 20 years.

## TAX CREDITS

- **High Wage Jobs Tax Credit:** This credit gives companies who hire New Mexico resident employees at salaries of \$40,000 or higher in rural areas (\$60,000 or more within the City of Las Cruces and 10 miles outside its limits), a deduction of the state's portion of gross receipts tax, compensating tax, or withholding taxes, equal to 10 percent of the salary paid by the company for the year in which the job is created. This credit can be used for 4 years. If a company has exhausted its taxable liabilities, the remaining credit is paid back to the company.
- **Rural Jobs Tax Credit:** The credit amounts to 25 percent of the first \$16,000 in wages paid per job (up to \$4,000), and can be claimed for 4 years (up to \$1,000 per year per job) and can be applied to taxes due on (state) gross receipts, corporate income, or personal income tax. Companies must be at least 10 miles outside of the City of Las Cruces to claim this credit. This credit can be sold to other entities. Additionally, this credit does not require employees to be residents of New Mexico.
- **Investment Tax Credit:** Manufacturers may take a credit of 5 percent of the value of qualified equipment and other property used in their operation. The credit can be applied again compensating, gross receipts, or withholding tax up to 85 percent of the total liability. Any remaining available credit may be claimed in subsequent reporting periods. To claim the credit, the company must hire 1 employee for every \$500,000 investment to a total of \$30 million. Thereafter, every \$1 million investment must be accompanied with 1 new employee. If a company has done an IRB, the equipment would already be abated, allowing for this credit to create a duplicated value of abatement in that scenario.

INCENTIVE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL NOMINAL VALUE
<b>Number of Employees Hired</b>	<b>26</b>	<b>13</b>	<b>13</b>	<b>11</b>	<b>0</b>	
Production Line Workers	20	10	10	10	0	
First Line Supervisors	2	1	1	1	0	
20 Percent Rule/ High Wage Workers	4	2	2	0	0	
Job Training Reimbursement (JTIP)	\$100,048	\$50,024	\$50,024	\$16,224	\$0	\$216,320
High Wage Jobs Tax Credit	\$24,960	\$37,440	\$49,920	\$49,920	\$24,960	\$199,680
Rural Jobs Tax Credit	\$26,000	\$39,000	\$52,000	\$63,000	\$37,000	\$252,000
IRB: Lite	\$33,341	\$28,578	\$23,815	\$19,052	\$14,289	\$133,363.87
Equipment (7 years)						
Industrial Revenue Bond	\$98,335	\$99,319	\$100,312	\$101,315	\$102,328	\$2,165,247.87
Manufacturing Investment Tax Credit	\$250,000					\$250,000
IRB: Sales & Compensating Tax Exemption	\$250,000					\$250,000
<b>TOTAL</b>	<b>\$532,688</b>	<b>\$254,363</b>	<b>\$276,073</b>	<b>\$249,511</b>	<b>\$178,577</b>	<b>\$3,216,612</b>

## OTHER USEFUL INCENTIVES

- RAPID WORKFORCE FUND
- NEW MARKET TAX CREDITS
- EB-5 INVESTOR VISA PROGRAM REGIONAL CENTER
- TECHNOLOGY JOBS TAX CREDIT
- OVERWEIGHT CARGO ZONE
- FOREIGN TRADE ZONE



The Mesilla Valley Economic Development Alliance specializes in developing customized incentive analyses for the benefit of any company wishing to expand within Doña Ana County.

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