

# Legislative Round-Up

FOCUS ON BUSINESS  
AND ECONOMIC  
DEVELOPMENT

# Shifting Dynamics

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## House of Representatives

- 20 new members
- 29 percent turnover rate from 2018 legislative session
- 9 seats flipped from Republican to Democrat
- 1 seat flipped from Democrat to Republican
- Current composition: 46 Democrats and 24 Republicans

## State Senate

- 3 new members
- 7 percent turnover rate from 2018 legislative session
- Current composition: 26 Democrats and 16 Republicans

# Break in the Dam?

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## Legislation Introduced in 2019

- 695 House Bills, 675 Senate Bills (2018: 370, 317; 2017: 577, 538 )
- 16 House Joint Memorials, 20 Senate Joint Memorials
- 11 House Joint Resolutions, 19 Senate Joint Resolutions
- 94 House Memorials, 131 Senate Memorials

## Legislation Passed

- 309 Bills Passed Both Chambers in 2019
- 111 Bills Passed Both Chambers in 2018
- 277 Bills Passed Both Chambers in 2017

# Economic Development Issues

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- Incentives
  - High-Wage Jobs Tax Credit
  - Investment Tax Credit
  - Angel Investment Tax Credit
  - Broadband Telecomm Facility Gross Receipts
- Appropriations
  - Local Economic Development Act
  - Job Training Incentive Program
  - New Mexico Partnership
- Innovation

# High Wage Jobs Tax Credit—WIN

|                    | Current Statute   | House Bill 165  |
|--------------------|---|---|
| Eligibility        | JTIP Eligible <b>AND</b> sold and delivered more than 50% of its goods outside of New Mexico                            | JTIP Eligible   |
| Penalty Box        | 5-year provision for employers whose full-time employees in NM were reduced by more than 5%                             | None  |
| Qualifying Periods | 4 years, however, if you did not qualify in one period then you automatically did not qualify in all subsequent periods | 4 years, however, each qualifying period stands on its own. |
| Credit Rate        | 10 percent of wages up to \$120,000   | 8.5 percent of wages up to \$150,000                        |
| Sunset Date        | July 1, 2020  | July 1, 2026  |

# Other Incentives—STALLED

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## Investment Tax Credit Changes (House Bill 582)

- Would have delayed by 10 years provisions that would otherwise make the investment tax credit more restrictive and less effective.

## Make Angel Investment Tax Credit Refundable (House Bill 219)

- Would have made the Angel Investment Tax Credit refundable to incentivize out-of-state investments to flow into New Mexico startups as a way to address the lack of capital in the state.

## Broadband Telecomm Facility Gross Receipts (House Bill 176)

- The gross receipts deduction would have promoted the deployment of broadband telecommunications services across New Mexico.

# Critical Appropriations

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## Local Economic Development Act

- \$60 million in new funding in the General Appropriations Act
- An additional \$15 million is contingent on fiscal year 2019 general fund revenues
- Senate Bill 536 appropriated another \$207,000

## Job Training Incentive Program

- \$5 million in the base budget
- An additional \$5 million as a special appropriation

## New Mexico Partnership

- \$1.4 million in the General Appropriations Act
- House Bill 548 appropriated another \$95,000

# Economic Development Innovation

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## House Memorial 16 – Economic Development Innovation Task Force

- Identify efforts to support development of quality commercial and industrial spaces
- Develop an action plan to recruit individuals with talent and critical skills to the state through access to and engagement of New Mexico's higher education institution alumni bases
- Spur collaboration and innovation to create new economic development concepts and ideas related to permanent and recurring sources of funding for economic development programs
- Explore other innovative concepts in economic development





# Small Business Issues

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- Business Climate
  - Tax Protest Process
  - Tax Implications
- Employer Mandates
  - Minimum Wage
  - Paid Family and Medical Leave
  - Insurance Coverage
  - Conviction Info on Job Applications



# Tax Protest Process

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## Senate Bill 129

- Streamlines the tax protest process
- Extends timelines
- Reduces unnecessary formal litigation
- Creates an informal dispute resolution process
- Requires transparency by the Taxation and Revenue Department
- Allows more competent tax professionals to represent taxpayers



# Tax Implications

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## Income Tax Rates & Brackets

- A new top personal income tax rate and bracket is created
- Top rate moves from 4.9 percent to 5.9 percent
- The new top rate is imposed on single filers with taxable incomes over \$210,000, on married filing jointly filers with taxable incomes over \$315,000.
- **The new top income tax rate is contingent on Fiscal Year 20 general fund revenues exceeding Fiscal Year 19 revenue**

## Dependent Deduction

- Creates a PIT deduction of \$4,000 for every dependent beyond the first claimed by a taxpayer.
- This offsets the negative state-level impacts on families by the Federal Tax Cuts and Jobs Act.

## Capital Gains

- Reduced the capital gains deduction from 50 percent to 40 percent.



# Minimum Wage

|                     | 2019   | 2020   | 2021    | 2022    | 2023    |
|---------------------|--------|--------|---------|---------|---------|
| Minimum Wage        | \$7.50 | \$9.00 | \$10.50 | \$11.50 | \$12.00 |
| Tipped Minimum Wage | \$2.13 | \$2.35 | \$2.55  | \$2.80  | \$3.00  |
|                     |        |        |         |         |         |

\* An employer who employs student regularly enrolled in secondary school to work after school hours or when school is not in session shall pay the student a minimum wage rate of at least \$8.50 an hour, unless they fall within the tipped employee minimum wage section of law.



# Employer Mandates

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## Paid Family and Medical Leave

## Insurance Coverage Mandates

- Health Coverage for Contraception—Passed
- Preexisting Condition Health Coverage
- Health Insurance for Artery Screening—Passed
- Insurance Coverage for Prosthetics
- Mail-Order Pharmacy Coverage
- Autism Spectrum Disorder Coverage—Passed

## Ban the Box

- Prohibits private employers from inquiring about an applicant's history of arrest or conviction on an employment application
- Can still take into consideration an applicant's conviction after review of application and upon discussion of employment with the applicant

# About US

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KW Consulting LLC is a full-service firm specializing in association management, business development, and government affairs. We work closely with our clients to create a path forward for their policy and business objectives by providing personalized services and meaningful connections that will help their business thrive.