

Revenue Stabilization & Tax Policy and Legislative Finance Committees Joint Meeting

Promoting Economic Development in Northwest New Mexico

Panel Discussion – LEDA & JTIP

Barbara Brazil, Deputy Secretary



**Recruiting new
business is a highly
competitive game**

*At right are the largest
economic development
incentive deals in the first
quarter of 2017 – the
overall average award
per job was \$30,175*

- Related Companies, NYC, \$177M
- Conner Strong & Buckelew, Camden, NJ, \$86.2M
- The Michaels Organization, Camden, \$79.3M
- NFI, Camden, \$79.3M
- Creative Planning, Overland Park, KS, \$44.75M
- Amazon, Hebron, KY, \$40M
- Wakefern Food Corp., Perth Amboy, NJ, \$39.27M
- NBTY, NYC, \$35M
- Project Copper, Colorado, \$34.4M
- Saab Defense & Security, East Syracuse, NY, \$30M

JTIP & LEDA Allow Us to Compete Against BIG States

COMPANY	COMPETING STATE
Keter Plastics	Arizona & Nevada
Facebook	Utah
Safelite Solutions	Texas
PCM	Illinois & Quebec
Federal Express Ground	Texas
DHF Technical Products	California
CN Wire	Texas & California
Niagara Bottling	Utah & Colorado
Aircraft Technical Support	Florida

JTIP and LEDA....the Difference that Closes the Deal

- JTIP is one of the top 5 programs of its kind in the nation
 - Celebrating 45 years this year
- We are only 4 years into LEDA – adding new accountability measures as we gain experience
 - Our competitive states have been doing this for 35+ years
- New Mexico is an excellent product with a greatly improved tax climate, still.....
- LEDA and JTIP are often necessary to close a project
- New Mexico needs consistency and predictability in its Economic Development Toolbox
- A robust Economic Development Toolbox enables us to compete

LEDA Builds the Business Infrastructure:

In FY17:

New Companies –

- Niagara Bottling
- X2nSAT
- Facebook
- Keter Plastics
- T or C Brewing Company
- Drylands Brewing

Expansions –

- NM Greenhouse Holdings
- Wholesome Valley Farms
- Dean Baldwin Aircraft
- El Pinto
- McClintic RDM
- CSI Aviation
- Second Street Brewing
- Mount Taylor Manufacturing

14 projects

7 Rural & 7 Urban

543 Total Jobs

LEDA Investment

\$15,845,000

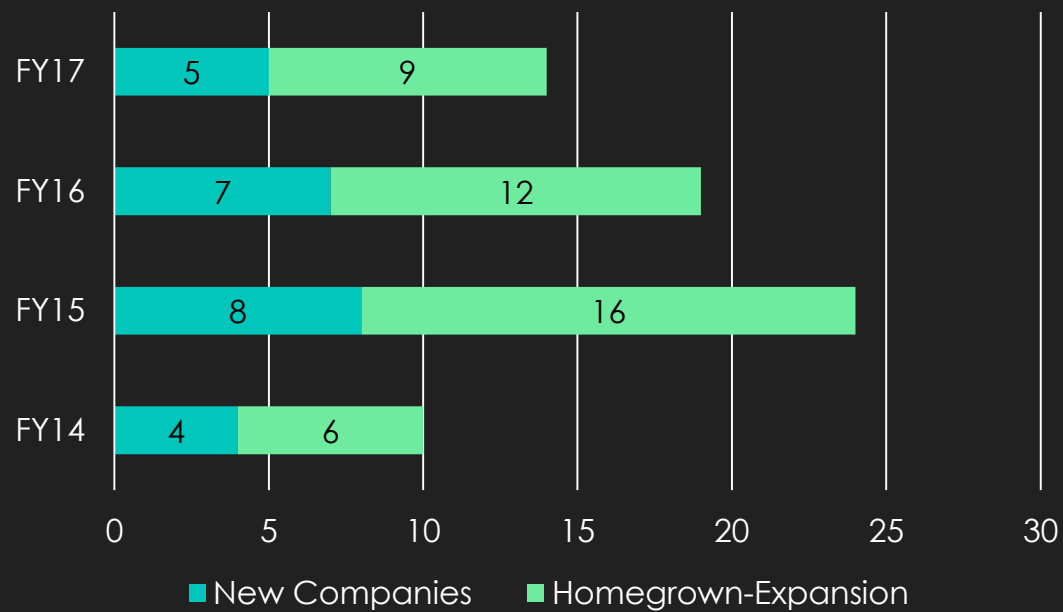
Private investment

\$346,336,762

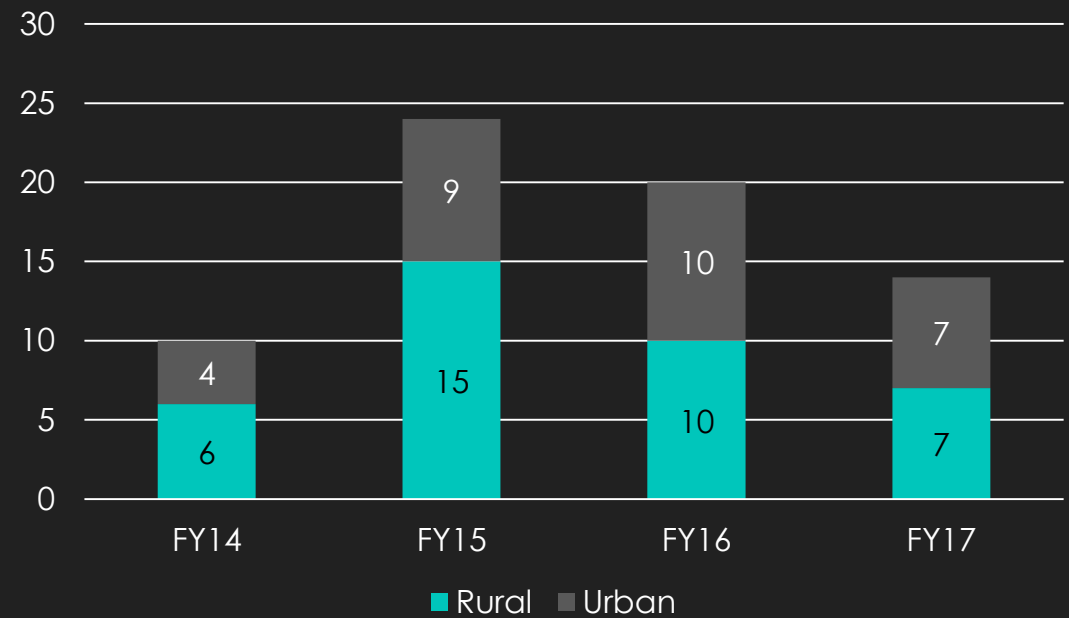
LEDA Leverage 21 : 1

LEDA FY14 – FY17

New Companies v. Homegrown



Rural v. Urban



JTIP Builds the Workforce

FY17 Year End –

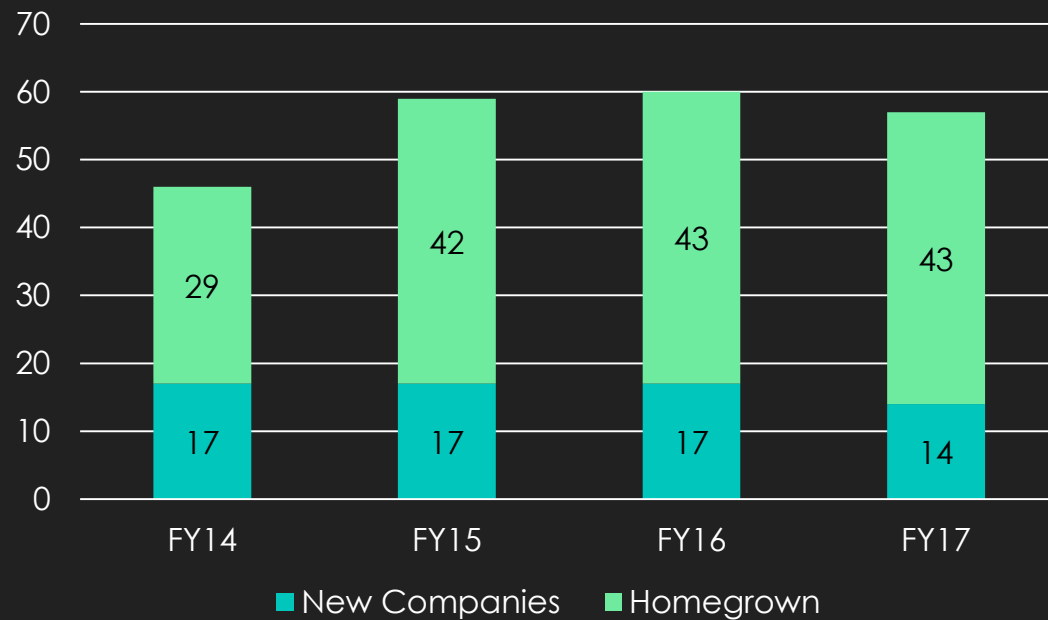
- 2,009 workers trained; 413 rural
- 57 companies assisted/16 rural
- Average wage of \$17.92/\$19.04 rural
- 51% Manufacturing
- 75% Homegrown/Expansions
- For FY 17, JTIP increased minimum wage entry levels - urban areas from \$9.00 to \$11.00 & rural areas from \$8.00 to \$9.50
- Added an intern program to encourage hiring college students
- Job creation in a federally designated colonias may be eligible for 75% wage reimbursement
- New 1 day residency rule for high wage jobs
- Compliance and Protection Measures
 - Post-performance audit and payment
 - Must be compliant with CRS-1 and UI reporting

Solo Worker Program

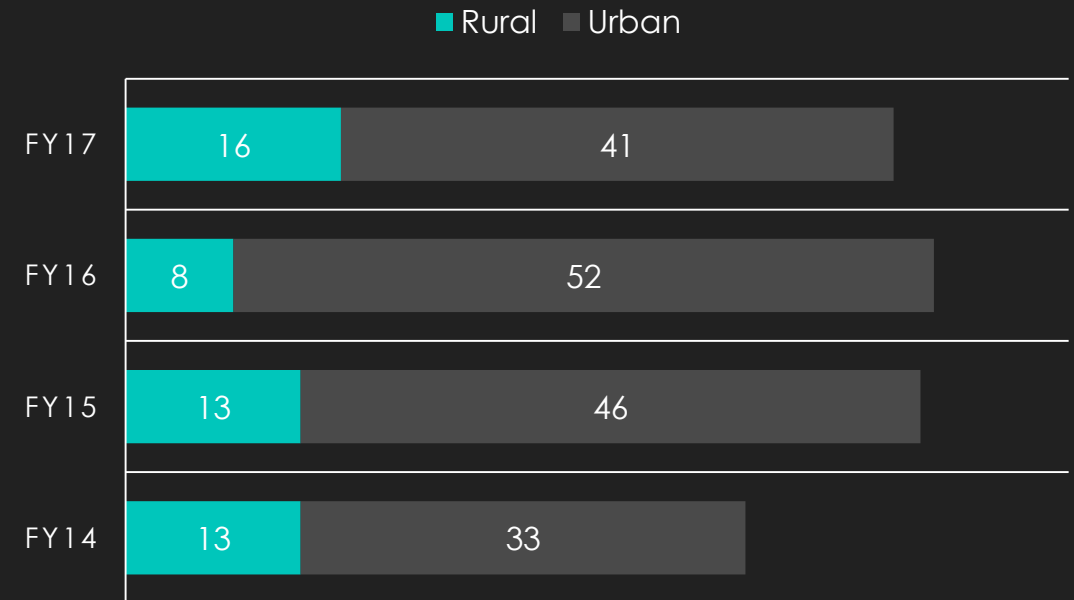
- Funding appropriated to the Department for FY18
- Carved out of the JTIP appropriation
- Will be budgeted separately in order to operate
- Deploy the program based on the Solo Worker statute established in 2016
- A Solo Worker is a person who is engaged in full-time employment and whose employer, if any, does not supply the office space or amenities used to perform the person's work.
- The purpose of the Solo Worker Program is to improve the state's rural and urban economies by creating and sustaining economic-base jobs and expanding businesses owned and operated by solo workers engaged in economic-base jobs.
- Five rural pilot communities this year.

JTIP Supports More New Mexico Companies Every Year

New Companies v. Homegrown



Rural v. Urban



Accountability, Compliance, Protecting New Mexican's Money

LEDA

- Due Diligence:
 - Financial Analysis of Company including a credit check
 - ROI/Economic Impact
- Security Instrument/Collateral in the event of a claw-back scenario
- Public Process with Fiscal Agent
 - Most have 2, if not more, hearings
- Job Reporting (Quarterly/Semester)
- Annual Performance Review
- Post-project close-out EIA (Keter)
- Phased Pay-outs at Milestones
- Two Reviews of Qualified Expenditures before disbursement

JTIP

- For FY 17, JTIP increased minimum wage entry levels in urban areas from a low of \$9.00 to \$11.00 and for rural areas from \$8.00 to \$9.50.
 - ➔ Steering the type of wages and job creation New Mexicans deserve
- Added an intern program to encourage hiring college students
- Job creation in a federally designated colonias may be eligible for 75% wage reimbursement
- Compliance and Protection Measures
 - Post-performance audit and payment
 - Must be compliant with CRS-1 and UI reporting
- Annual Retention Analysis with through DWS

Keter Plastics, Belen

- This rural relocation story began eight years ago
- Then the finalists were California, Arizona and Nevada
- Fast forward to 2016: NM beat that competition due to our improved business climate
- Keter will invest \$36 million to renovate the Solo Cup idle factory and add additional space plus hire 175 New Mexicans.
- Using Belen's existing rail spur, Keter will take in 60-100 tons of raw materials each day to produce 10-15 truckloads of patio furniture, outdoor sheds for shipment to national chains like Home Depot & others.
- MADE IN THE USA
- Keter received \$563,973 for 53 jobs in July 2017



Compass Components - Deming

Compass has used JTIP nine times

- 2007: 38 new jobs
- 2008: 17 jobs
- 2009: 17 jobs
- 2013: 8 jobs
- 2014: 24 jobs
- 2015: step-up – 48 trainees
- 2016: 20 new jobs
- 2017: step-up – 120 trainees

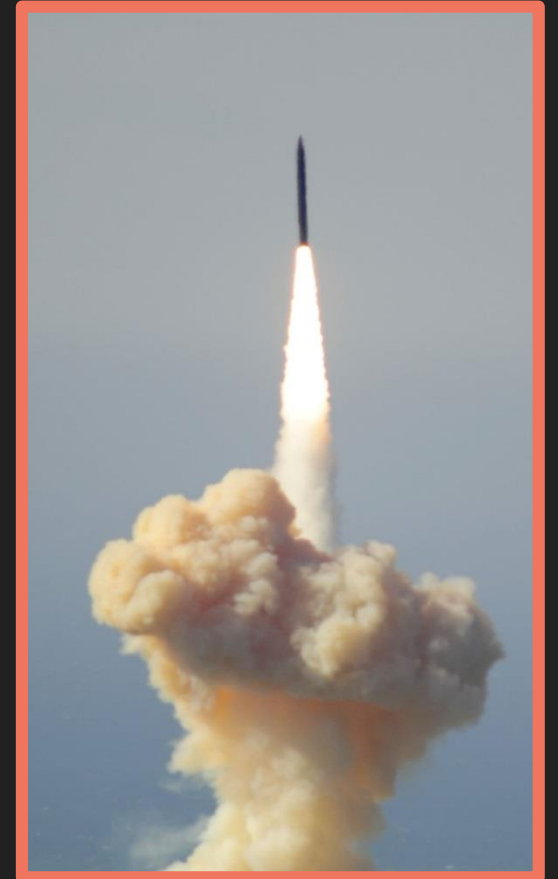
“JTIP has been with us from the moment we settled in New Mexico is critical to job growth in areas where the workforce is shifting from industries with low skill requirements to advanced manufacturing.”



Raytheon-Diné



- \$257,674 in JTIP for 49 jobs
- (in 2004 & 2007)
- \$200,000 in LEDA in FY14 to support expansion
- Job growth ~225 to ~375



THANK YOU