

ALBUQUERQUE ECONOMIC DEVELOPMENT, INC.

INTRODUCTION TO AED'S WORK AND IMPACT

ABOUT AED

AED is a private, nonprofit 501(c)(6) organization founded in 1960. It is governed by a 74-member Board of Directors.

AED'S MISSION

To strengthen the economy of the Albuquerque metro area by **recruiting export-oriented employers**, and by assisting in the **retention and expansion of existing local business and industry**.

BUSINESS RECRUITMENT

AED markets the Albuquerque metro area to leading site location consultants, industry influencers and media around the world by:

- Conducting sales mission trips.
- Participating in industry-specific trade shows.
- Hosting special events such as familiarization tours.
- Advertising in key publications.
- Developing marketing materials such as AED's website, videos, social media campaigns and more.

INDUSTRY CLUSTER RECRUITMENT

Industries where AED focuses its recruitment efforts include:

- Aviation and Aerospace
- Corporate Shared Service Centers
- Plastics
- Solar Technology and Renewable Energy
- Semiconductors and Electronics
- IT, Software and Cybersecurity
- Data Centers
- Digital and Emerging Media

ECONOMIC BASE EMPLOYERS

AED focuses on **economic base employers**. These are companies that:

- Bring new money into the community by generating 50% or more of their revenue from out of state.
- Drive economic growth by exporting goods and services from the metropolitan area to the rest of the world.
- Provide direct jobs for their own employees and creates service jobs by doing business with other companies in the local region.

ECONOMIC BASE EMPLOYERS

- Economic base employers make the local economy stronger, because the new money they bring into the community is re-spent on local goods and services that are purchased by the company and its employees.
- One extra economic base job can generate one to three additional non-economic base jobs for local merchants and service providers.

BUSINESS RECRUITMENT

AED's business recruitment services include:

- Site selection assistance
- Business incentives analysis
- Labor market analysis
- Real estate search
- Customized site and building tours
- Meetings with city, county and state officials
- Workforce recruitment and job-training assistance
- Introductions to local business contacts

BUSINESS RECRUITMENT SUCCESSES

AED was key to the recruitment of these employers and many others to the ABQ metropolitan area:

- Facebook Data Center
- Netflix
- TaskUs
- Keter Plastic
- Fidelity Investments
- Tempur-Pedic
- SolAero Technologies
- Rural Sourcing, Inc.
- GAP, Inc. Corporate Shared Service Center
- Flagship Food Group, LLC
- 2NDGEAR
- Carenet Healthcare Systems
- Canon Information Technology Systems
- Sennheiser New Mexico
- PR Newswire/Cision
- General Mills
- Intel Corporation
- Ethicon Endo-Surgery
- HP (Hewlett-Packard)

THE “DOMINO EFFECT”

- Recruitment of one new company to the area can support the operations of hundreds of local businesses. (Facebook has more than 170 New Mexico vendors and subcontractors).
- In addition to creating jobs, employers that expand or locate to the region pay taxes, spend money with local vendors, and donate to local charities.
- The income their employees earn allows them to purchase homes, buy cars, patronize local businesses, pay income taxes, and more.

RETENTION & EXPANSION OF LOCAL BUSINESS

In addition to recruiting new employers, AED also connects existing local employers with the tools and resources they need to grow in the metro area, generate new jobs, and strengthen the region's economy.

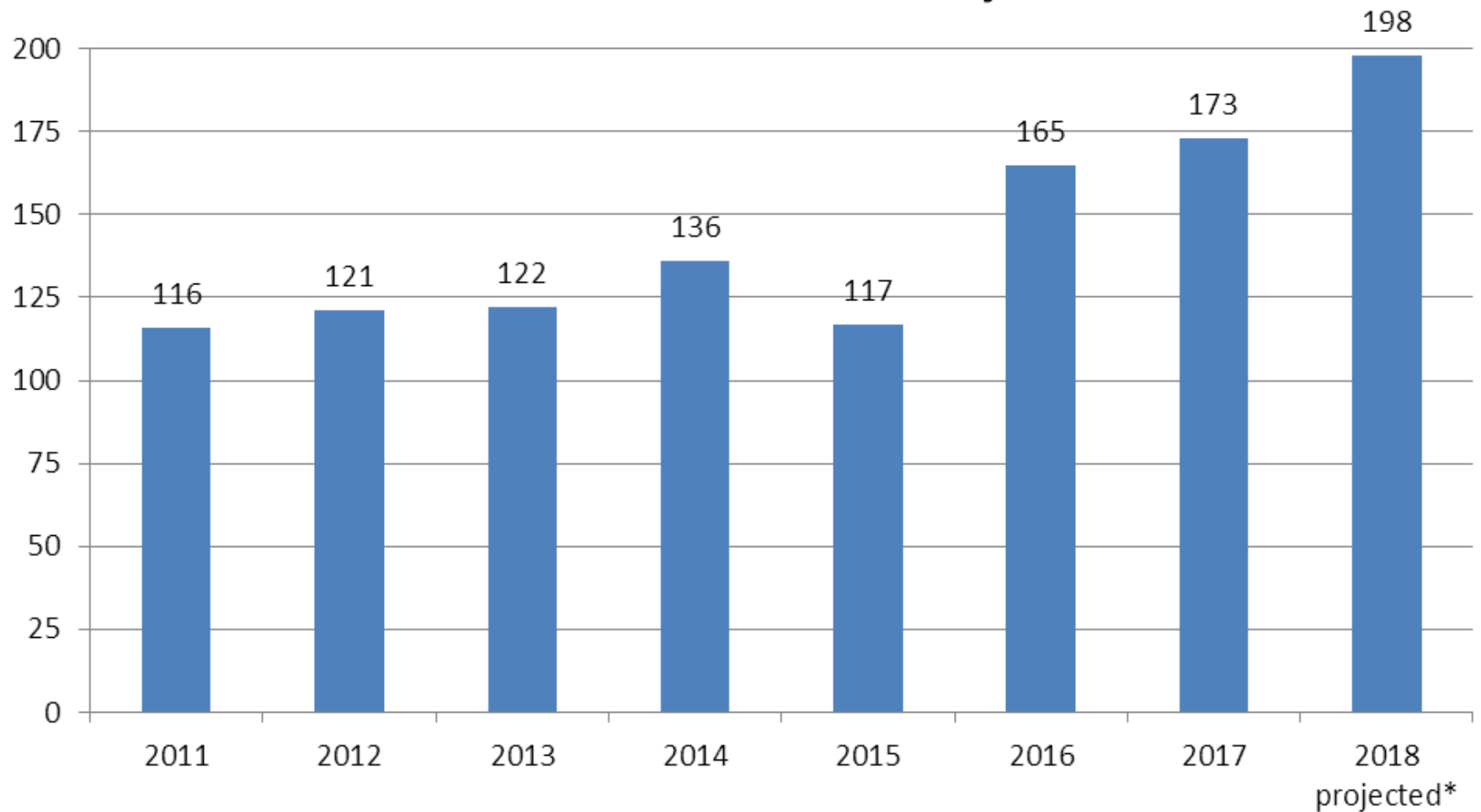
Our goal:

Keep these employers in the region and help them expand.

RETENTION & EXPANSION OF LOCAL BUSINESS

- Introduce businesses to lenders for financing options.
- Help businesses find new space.
- Link companies to resources at the national labs.
- Educate employers about the state's JTIP program and the federal WIOA program to hire and train new employees.
- Provide personalized guidance and advice.
- **Ask each business “What is keeping you from growing your business?” and then provide customized solutions.**

No. of Visits to Local Businesses by AED Per Year



SINGLE SALES FACTOR APPORTIONMENT OPTION

- Provides manufacturers and headquarters operations with the option to calculate corporate income tax liability based only on sales of their products within New Mexico.
- Twenty states, including New Mexico, offer a single sales factor apportionment option.

SINGLE SALES FACTOR APPORTIONMENT OPTION

- The option keeps New Mexico competitive and creates a favorable environment for business expansion and retention.
- AED recommends that New Mexico maintain the single sales factor apportionment option.

ECONOMIC DEVELOPMENT TOOLS FUNDED BY THE LEGISLATURE

Two programs funded by the State Legislature are critical to economic development efforts in New Mexico:

- **Job Training Incentive Program (JTIP)**
- **Local Economic Development Act (LEDA)**

JOB TRAINING INCENTIVE PROGRAM

- Provides partial reimbursement of a new employee's wage during a training period.
- Elevates the skills of New Mexico residents, thereby increasing their earning potential.
- Requires that an employer be an economic base company that is adding new, full-time jobs and generates more than 50% of its revenue from outside of the state.
- **Helps retain existing employers and attract new companies to New Mexico.**

JOB TRAINING INCENTIVE PROGRAM

SINCE ITS INTRODUCTION IN
1972, JTIP HAS SUPPORTED

46,000
NEW JOBS

1,500
BUSINESSES

JOB TRAINING INCENTIVE PROGRAM

	AMOUNT AWARDED	NUMBER OF COMPANIES	EMPLOYEES TRAINED	ESTIMATED NEW PAYROLL
FY 18	\$15.3 M	59	1,703	\$64.8 M
FY 17	\$12.7 M	57	2,009	\$69.7 M
FY 16	\$13.3 M	60	2,238	\$83.4 M

JOB TRAINING INCENTIVE PROGRAM

- \$9 million was appropriated for JTIP during the current fiscal year (FY 2019).
- JTIP will run out of money prior to the end of the fiscal year on June 30, 2019.
- We request that the Legislature appropriate an additional \$3 million when it convenes in January 2019 for use during the remainder of FY 2019.
- We request that the Legislature appropriate \$12 million for JTIP during FY 2010.

LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)

- More than 30 states have a “job creation fund” similar to LEDA.
- Available to new and existing employers.
- Helps attract new employers and helps existing employers expand.

USE OF LEDA FUNDS

CAN BE USED FOR



- LAND
- BUILDINGS
- INFRASTRUCTURE IMPROVEMENTS

CANNOT BE USED FOR



- WORKING CAPITAL
- OPERATING COSTS
- EQUIPMENT

CASE STUDY: KETER PLASTIC

- Approved for \$2 million in LEDA funding.
- Approved for \$563,973 for 58 positions at an average wage of \$19.94/hour.
- They have claimed \$485,460 for 47 positions at an average wage of \$19.31/hour.
- They were approved for an additional \$591,346 for 94 positions at an average wage of \$12.97/hour.
- Commitment of 175 new jobs.
- Purchased the former Solo Cup facility, which had been vacant since 2009.
- \$36 million capital investment
- \$7.4 million estimated payroll for direct, indirect and induced jobs, according to Chmura Jobs EQ.

LEDA'S IMPACT

Fiscal Year 2017

\$15.8 M

Appropriated

530

Jobs Created

\$346 M

Private
Investment

Fiscal Year 2018

\$10.5 M

Appropriated

2,613

Jobs Created

\$382 M

Private
Investment

LEDA

- LEDA is financed via the state budgeting process and approved by the Legislature.
- As of October 2018, the fund had about \$18 million remaining, but with more than \$75 million worth of projects in the pipeline
- Keeping the LEDA fund at **\$50 million annually** will ensure that funds are available so that there is confidence/certainty behind the proposals required for fast-moving projects considering New Mexico and other states for a new location or an expansion.

MANUFACTURING INVESTMENT TAX CREDIT

- Manufacturers are eligible for a credit equal to 5.125% of the value of qualified equipment used directly in a manufacturing process.
- The credit can be applied against gross receipt tax, compensating tax or withholding tax due, and is limited to 85% of the sum of taxes due for any reporting period.
- To be eligible, the manufacturer must also meet job creation requirements.

MANUFACTURING INVESTMENT TAX CREDIT

- To attract and retain manufacturers, AED recommends making equipment purchased by manufacturing companies exempt from New Mexico gross receipts and compensating tax.
- Arizona, Colorado, Kansas, Oklahoma, Texas and Utah offer this exemption for the purchase of qualified manufacturing equipment.
- This would level the playing field between New Mexico and surrounding states.

FOR MORE INFORMATION



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