

## High Wage Jobs Tax Credit Legislation Overview

**Issue:** The current eligibility requirements are overly complex and confusing, which has led to a lack of consistency in approvals of the credit by the Taxation and Revenue credit.

**Fix:** Simplify eligibility by defining eligible employer as an employer that is currently receiving Job Training Incentive Program (JTIP) funds or is JTIP eligible.

**Issue:** Taxpayers have experienced extraordinary delays in the Taxation and Revenue Department (TRD) processing of the high wage jobs tax credit

**Fix:** Eliminated language that stated that TRD determines when an application is “complete” prior to starting the 180-day clock for processing applications

**Issue:** The current statute penalizes employers due to market forces that are out of their control.

**Fix:** Eliminate 5-year penalty box provision for employers who full-time employees in New Mexico are reduced by more than five percent. This provision is no longer needed because to be eligible for JTIP companies must be expanding.

**Fix:** Reduced 48 weeks to 44 weeks for the portion of each period the position must be filled to remain a qualifying job to allow employers adequate time to replace a position if it is vacated by an employee.

**Fix:** To increase the predictability of the credit, the penalty of not qualifying for all subsequent qualifying period if the requirements are not met has been deleted and replaced with language stating that if the requirements are not met in a qualifying period than just that specific qualifying period is ineligible.

**Other items:** The legislation adjusts the credit rate from 10% of the wage to 8.5%. The legislation also extends the sunset to 2029 to give time for the new provisions to be evaluated prior to revisiting the credit.

**JTIP Company Eligibility:** Three criteria are used to determine JTIP eligibility: the type of business, whether the business is expanding its workforce, and financial viability.

### Type of Business

- Companies that manufacture a product in New Mexico
- Non-retail service providers that receive more than 50% of their revenue from customers who are out of state
- Certain green industries
- Business in certain industries are not eligible. Some examples are agriculture, construction, extractive industries, gambling, health care and retail.

### Employment Expansion:

- Existing companies which are at, or above, two-year employment average and are creating new positions
- Companies’ relocating to New Mexico
- Start-ups and early-state manufacturers

### Financial Viability

- JTIP funds are an investment of taxpayer dollars. The company should be financially stable to ensure long-term employment for JTIP trainees.



# High-Wage Jobs Credit

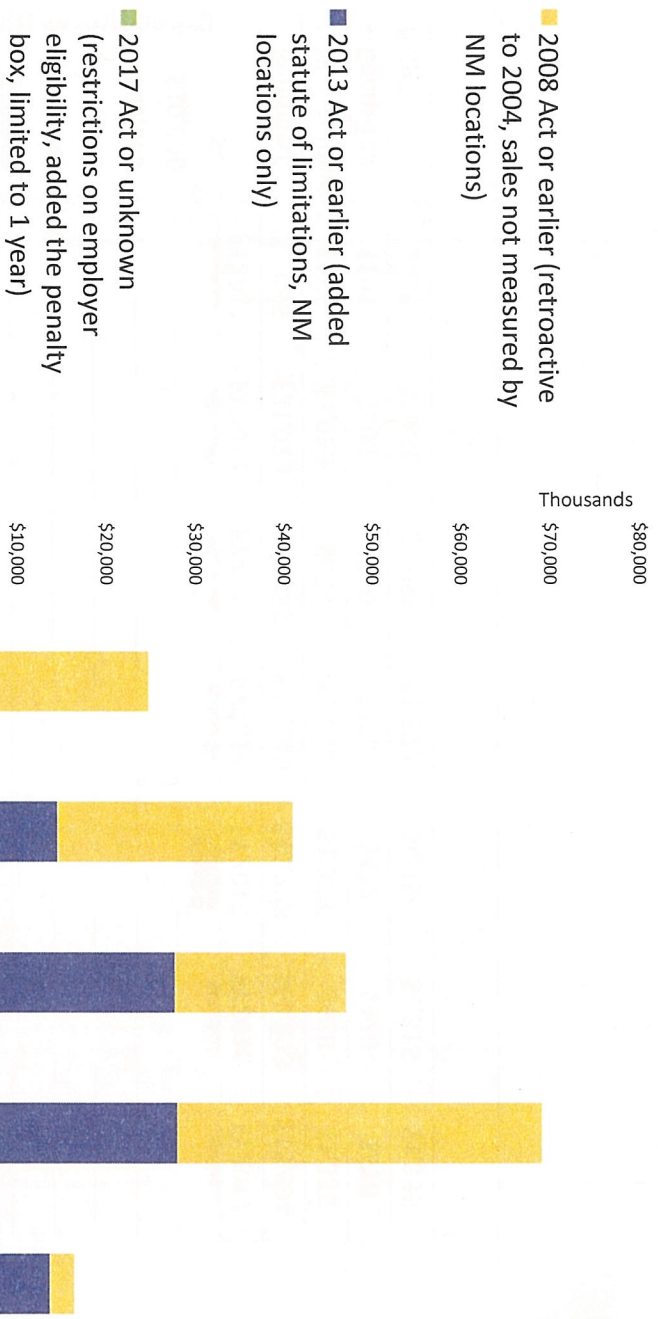
**High-Wage Jobs Credit**

**Expenditures (thousands)**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Retunded	\$9,085	\$21,023	\$18,835	\$46,140	\$41,733	\$62,893	\$13,694
Withholding	\$686	\$1,033	\$655	\$1,019	\$1,353	\$628	\$1,355
Comp Tax	\$101	\$305	\$770	\$255	\$422	\$428	\$578
GRT	\$439	\$1,636	\$1,098	\$1,977	\$6,456	\$2,315	\$1,355



### Distribution of refunded or credited HWITCs by Fiscal Year, by Credit Act



Credit Act	Dollar Amount					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
2008	100%	65%	41%	60%	17%	
2013	0%	35%	59%	40%	81%	
2017	0%	0%	0%	0%	3%	
	100%	37%	19%	25%	3%	
	0%	63%	81%	75%	87%	
	0%	0%	0%	0%	10%	

# of Applications	Dollar Amount					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
2008	100%	37%	19%	25%	3%	
2013	0%	63%	81%	75%	87%	
2017	0%	0%	0%	0%	10%	