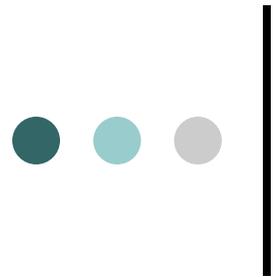


How to Access State Money



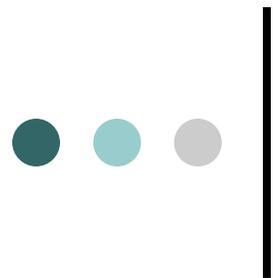
Presented to the
Economic & Rural Development
Committee

July 12, 2012



Programs

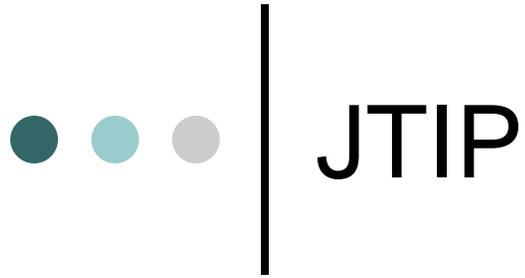
- Job Training Incentive Program
- Step-Up
- Financing Programs
- Capital Outlay
- Tax Credits
- Other Pertinent Programs



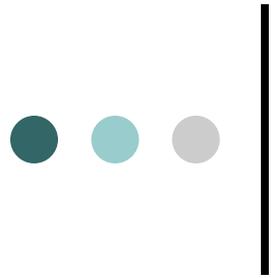
Job Training Incentive Program (JTIP)

○ Reimburses:

- A portion of wages for newly hired employees for up to 6 months
- A portion of travel costs associated with delivery of training for newly hired employees
- A portion of training costs provided by an NM Educational Institution
- 50% - 80% of wages depending on company location and entry wage of trainee

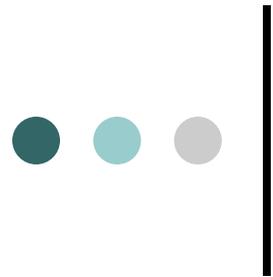


- Company Eligibility:
 - Manufacturing
 - Non-Retail service provider - deriving 50% of revenue or customer base from outside New Mexico
 - Headquarter facilities
 - Early stage R&D companies
 - Expanding (adding new employees over/above a 2 year headcount average)



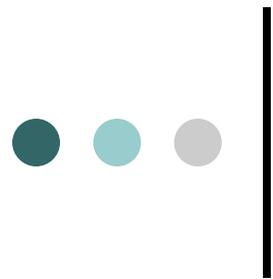
JTIP

- Trainee Eligibility:
 - Newly hired – after board approval
 - New Mexico Resident
 - Lived in NM for 1 year at any point
 - Must not have dropped out of HS within the past 3 months
 - Full-time; year round employment



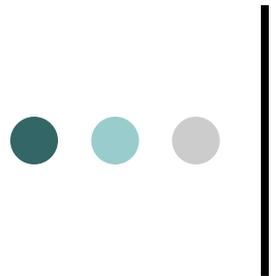
Step Up

- Reimburses a portion of training costs for incumbent worker training
- Training specific for introduction of new technological changes within the company
- Upgrading skills of existing employees for employee advancement
- Program broadened to allow small, urban companies which have fewer than 50 employees



JTIP – FY11 Report

- Funded Projects Statewide - include rural areas such as Corona, Corrales, Hobbs, Ranchos de Taos, Ruidoso Downs, and Santa Teresa
- 32 Projects Funded (9 Rural)
- \$4.6 Million Awarded (\$1.1M Rural)
- 1,015 Jobs Created (184 Rural)
- FY13 Appropriation for JTIP = \$7.9M

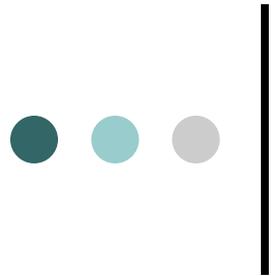


Finance Programs

- Collateral Support Program (State Small Business Credit Initiative)
 - Lender makes application on behalf of the borrower. There are no fees to borrower.
 - Lender services the note AND receives ¼% interest rate.
 - NMFA can participate in the loan structure up to 40% for working capital/line of credit; up to 20% for buildings (due to longer term)
 - Interest rate is pegged to the Treasury Rate.

New Mexico Authorized to Receive \$13,168,350

- EDD is the State Director of Funds, Collaborating with the New Mexico Finance Authority
- 4 Projects Approved and Closed
- \$2,813,975 Total Capital Investment
- 11 Total Direct Jobs Created
- 350 Total Construction Jobs (Estimate)



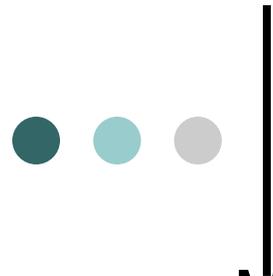
Finance Programs (cont.)

○ New Markets Tax Credit (NMTC)

- Open to Projects with no less than \$5M capital investment
- Competitive Application Cycle via web– open at least quarterly
- Application documents uploaded directly to FNM website
- Applications are ranked and scored by Review Team with highest ranking moving forward first in the due diligence process.

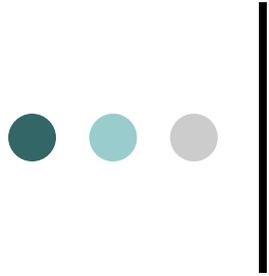
\$156,000,000 in Tax Credit Allocations Awarded to New Mexico

- 9 projects Funded by NMTC
- \$124,346,000 Total Capital Investment
- 1,203 Total Direct Jobs to be Created
- 1,375 Total Construction Jobs (estimated)



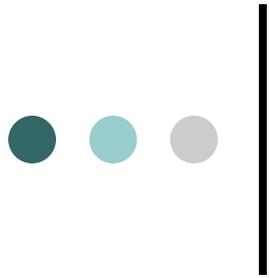
LEDA/Capital Outlay

- Must receive Legislative allocation
- 20 Projects Currently in the Pipeline for LEDA/CO Funding Totaling \$160M in Requests, with Job Creation Exceeding 850
- Project Locations Include Chaves, Lea, Taos, Catron, Union, Harding, Torrance, and Doña Ana Counties
- New Program Guidelines Created in 2012 to Improve Accountability
- MainStreet Capital Outlay – through LEDA process, but specific to MS Districts, Arts/Culture Districts



Untapped Sources

- To date, only 6 communities have adopted through referendum Local Options Gross Receipts Tax (LOGRT) as a financing vehicle for economic development projects or initiatives.
- EDD is compiling a statewide analysis to project the potential revenue for each municipality and county that has NOT adopted LOGRT
- The adoption of LOGRT for economic development purposes is the local contribution to the project – adoption of such would lessen the reliance on state and federal funding.
- EDD Teams developing a “road map” for the education process that needs to take place with communities – while involving our partner agency’s (NMML, Association of Counties, NMFA)



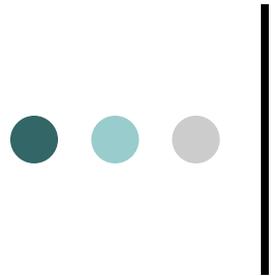
Untapped Sources

- **Special Assessment District (SAD)**

- Allow property owners within specific boundary to finance infrastructure improvements
- City defines boundary, engineer designs and cost out improvement
- Property owners assessed proportionate share
- City issues bond for improvements

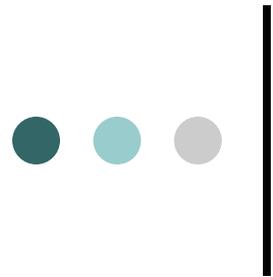
- **Public Improvement District (PID)**

- Streamlined version of SAD
- Bond issued from revenues from assessments specific to new infrastructure improvements within district
- State/city not responsible for debt, responsibility of PID



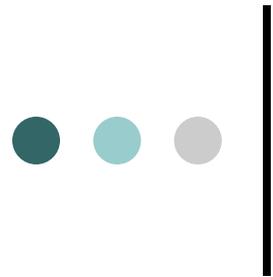
Untapped Sources

- **Business Improvement District (BID)**
 - 51% of real property owners must petition government to create district by ordinance
 - Run by a committee of business and property owners
 - Created to provide for restoration of economic vitality of district
 - Certain allowances for bond issuance for construction
- **Tax Increment Development Districts (TIDD)**
 - Majority of property owners can form tax increment district by petition and TIDD plan to governing body
 - Adopted by Referendum
 - Governing body passes resolution and creates 5-member TID Board
 - Resolution allows ability to bond against projected incremental tax revenues
 - Property owners (or developer) must fund 20 percent of public infrastructure upfront



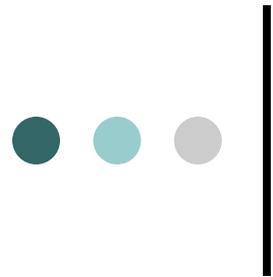
Tax Credits

- Angel Investment Tax Credit
- High Wage Jobs Tax Credit
- Rural Jobs Tax Credit
- Technology Jobs Tax Credit
- R&D Small Business Tax Credit
- Job Mentorship Tax Credit
- GRT Deduction for Manufacturers
- GRT Deduction for Construction
- GRT Deduction for Film Companies



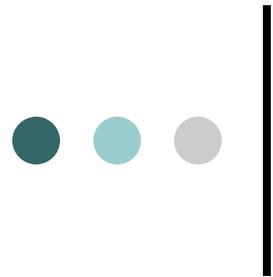
Angel Investment Tax Credit

- An “accredited investor” may claim a credit of 25% of a “qualified investment” of up to \$100,000 in a high-technology or manufacturing business against his personal income tax liability
- Gives investors an incentive to invest in high-tech and manufacturing start-ups
- May be a source of financing for your company



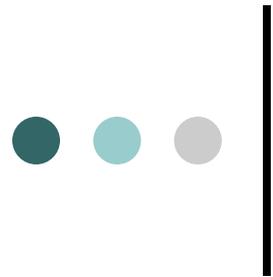
High Wage Jobs Tax Credit

- Provides businesses a refundable tax credit of 10% of the salary and benefits for each new high-wage (\$40,000 per year in urban areas; \$28,000 per year in rural areas) job created, up to \$12,000 per employee
- A company must be JTIP-eligible to qualify for the credit
- Will likely be amended in upcoming legislative session, but will remain a worthwhile credit for businesses



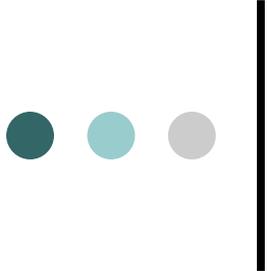
Rural Jobs Tax Credit

- Employers in rural areas are entitled to a credit against their modified combined, personal, or corporate income tax of 6.25% of the first \$16,000 wages paid for each qualifying job
- New, full-time jobs for which a company has received Job Training Incentive Program funds qualify



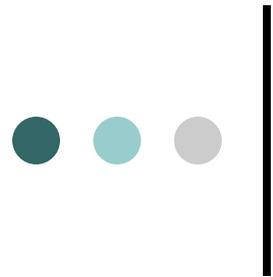
Technology Jobs Tax Credit

- Credit of 4% of expenses made by employers conducting “qualified research” at a private facility
- “Qualified research” is defined in tax code
- Employers that increase their base payroll expense by \$75,000 for every \$1 million of investment for which the credit is claimed are eligible for an additional credit of 4% of eligible expenses against their state income tax



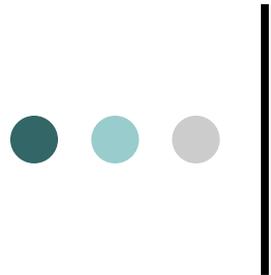
R&D Small Business Tax Credit

- A business that employed 25 or fewer employees
- Had total revenues of no more than \$5 million
- Was not owned by another company, and
- In the calendar year prior to claiming the credit made at least 20% of its total expenditures on research that is undertaken for the purpose of discovering information that is technological in nature.....(further defined in tax code)
- Credit in the amount of all gross receipts taxes or fifty percent of withholding taxes paid on behalf of employees and owners with no more than five percent ownership that are due to the state or payable by the taxpayer with respect to that business for that reporting period



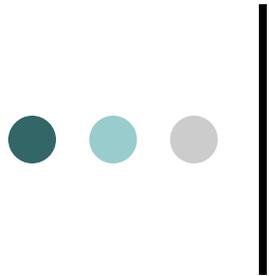
Job Mentorship Tax Credit

- New Mexico businesses that file a corporate income tax return are eligible for a credit against corporate income tax liability in an amount equal to fifty percent of gross wages paid to a N.M. secondary school student between 14 and 21 who is a participant in a sanctioned career preparation education program and employed by the taxpayer



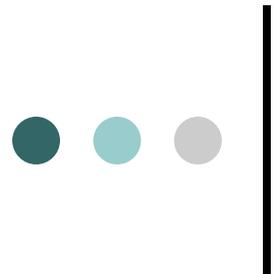
GRT Deduction for Manufacturers

- Allows receipts from selling tangible personal property to a person engaged in a manufacturing business to be deducted from the gross receipts or governmental gross tax upon issuance of nontaxable certificate.
- If you sell your product to a manufacturing business, you may deduct the sales from your gross receipts



GRT Deduction for Construction

- Allows receipts from selling construction material to a person engaged in a construction business to be deducted from the gross receipts tax.
- If you sell your product to a construction business, you may be able to deduct the sales from your gross receipts



GRT Deduction for Film Companies

- Receipts from selling or leasing property to a qualified production company and from performing services for them may be deducted from gross receipts