Jobs Council

List of Economic Development Tax Expenditure Incentives

September 12, 2016

Item	Statute	Tax Expenditure Description	FY 2016 Estimated Cost (4)	On TRD ED List (1)	On LFC ED List (2)	ON EDD List (3)	Staff Recomends	# Jobs	Discret. or "As-of-right"	Vetting Agency other than TRD	Annual Cap (in $millions)	Found $ or Hits Existing Revenues	Aligns with Economic Developmt Defintions?	E-Base Jobs Required?	Reporting Protocols	Climate vs. Direct Job Creation	Action
1	7-2-18.18, 7-2A-19	Renewable Energy Production PIT, CIT Tax Credit	70.0	(Energy)	(Energy)	Y	Not ED TE		As-of-right	EMNRD		Mostly found $		Maybe	Annual EMNRD report on identity of generators, means of energy used, amt of energy prod; whether any claims denied bec of program limits	Direct	GASB 77; waive confidentiality
2	7-9G-1	High-Wage Jobs Credit against Modified Combined Tax Liability (5)	58.0	Y	Y	Y	58.0		As-of-right			?	Partly	Yes	EDD: Annual (by 11/1) to "appropriate legislative interim committee" on credit cost & impact on recruitmt, job creation	Climate mostly	GASB 77; def of rural-urban split; waive confidentiality
3	7-2F-1 *et seq.*	Film and Television Credit against PIT and CIT	50.0	Y	Y	Y	50.0	1,050 (260,000 worker days)	As-of-right	EDD/Film Div	50.0	Found $	Assumes films are exported	Indirectly, yes	EDD (on website) Qtrly non-rev-disclosing info from companies + projected amt of claims for FY; EDD/TRD/LFC: annual eval of credit; claimants to report to EDD # of NM resident employees, hours, pay; GR paid; total wages of nonresidents & total nonqualifying expends	Direct	GASB 77; waive confidentiality
4	7-9-46	Manufacturing GR Deduction: (a) tangible inputs; (b) consumables	30.5	Not TE	Y	Y	Not TE		As-of-right			Existing	No	Indirectly, yes	TRD: Annual on deduction amt; # claimants	Climate	
5	7-9-110.1/110.2	Locomotive Engine Fuel GR & Comp Deductions	23.1	(Industry)		Y	23.1		As-of-right	EDD		50-50	No	Indirectly, yes	(1) EDD: record of # perm & temp workers & EDD/TRD: est state rev from rail activity in NM; (2) EDD/TRD: annual rpt to RSTP & LFC on # jobs created, amt of deduct & net rev to state; claimant must supply needed info	Direct	
6	7-9-52	Construction-related GR Deduction	22.8	Not TE	Y		Not TE		As-of-right			Existing	No	No	None	Climate	
7	7-2-18.25, 7-2A-25, 7-9G-2	Advanced Energy Combined Reporting Tax Credit (against modified combined tax, PIT or CIT liability of qualified generating plant)	10.0	(Energy)	(Energy)	Y	Not ED TE		As-of-right	Environment	[60.0/qual facility]	Found $	Yes	Indirectly, yes	Environ: annually on identity of qual generating facilities, energy prod means, emission reductions; any denial of cert of eligibility due to prog limits	Direct	GASB 77; waive confidentiality
8	7-9F-1 *et seq.*	Technology Jobs and Research and Development Credit against Modified Combined Tax, PIT, or CIT Liability	7.4	Y	Y	Y	7.4		As-of-right			Found $?	No	No	None to Legislature; claimant must report for 3 yrs to TRD info on operations suffic to enforce clawback	Climate?	GASB 77; def of rural-urban split; waive confidentiality; require e-base jobs
9	7-9-83 and 7-9-84	Jet Fuel Fifty-Five Percent GR & Comp Deduction	6.4	Y	(Other)		6.4		As-of-right			Existing	No	Indirectly, yes	None	?	
10	7-9A-1 *et seq.*	Investment Credit against Modified Combined Tax Liability	5.9	Y	Y	Y	5.9		As-of-right			Found $	No	Indirectly, yes	None	Direct?	GASB 77; waive confidentiality; req e-base jobs
11	5-15-15	TIDD Dedicated GR Tax Increments	5.8	Y	Y		Funding		Discretionary	Muni, county, State B of F		?	No	No	None	?	GASB 77?
12	7-9E-1 *et seq.*	Laboratory Partnership with Small Business Credit against GRT	4.8	Y	Y		Not ED TE		As-of-right		4.8	Existing	No	No	Nat'l labs to TRD/EDD/Leg: annual (by 10/15) on # bus asstd; descr of projects & results; impact study on jobs created or retnd, cost savings, sales incr; survey results	Climate	def of rural-urban split; waive confidentiality
13	7-9-95	Back-to-school GR Tax Holiday	3.6	(Citizen)	Y		Not ED TE		As-of-right			Existing	No	No	None	Climate	
14	7-9-115	Directed Energy and Satellites GR Deduction #	3.0			Y	3.0		As-of-right			Found $	No	Indirectly, yes	TRD: Annual on deduction amt; # claimants; w/EDD: annually to RSTP & LFC, starting in 2017		
15	7-2-18.14	Solar Market Development PIT Credit	2.9	(Environ)	(Renewable)		Not ED TE		As-of-right	EMNRD	5.0	Existing	No	No	None	Climate	waive confidentiality
16	7-2-18.28, 7-2A-27	Veteran Employment PIT, CIT Credit	2.5	(Citizen)	Y		Not ED TE		As-of-right			Existing	No	No	None	Climate	GASB 77; waive confidentiality
17	7-9-40	Horse Racing GRT Exemptions: (1) racetrack amounts retained; (2) receipts	2.0	(Industry)	Y		Not ED TE		As-of-right			Existing	No	No	None	Climate	update ref to Horse Racing Act
18	7-9-61.2	Sales to State-Chartered Credit Unions GR/GGRDeduction	1.8	Y	(Other)		Not TE		As-of-right			Existing	No	No	None	Climate	
19	7-9-106	Military Construction GR Deduction	0.8	(Industry)	Y		Repeal		As-of-right			Found $?	Sale to Feds	Indirectly, yes	None	Direct?	
20	7-17-5	Special LET Rates for Small Brewers and Small Winers	0.8	(Industry)	Y	Y	Not ED TE		As-of-right			Found $?	No	No	None	Climate	
21	7-9-114	Advanced Energy GR Deduction (on sales of inputs to qualified generating plant)	0.5	(Energy)		Y	Not ED TE		As-of-right	Environment	[60.0/qual facility]	Found $	Indirectly Yes	Indirectly, yes	EDD: record of # of temp & perm jobs; EDD & TRD: identity of generating fac, energy prod means used, emissions reductions, whether claims denied bec of program limits, rev to state from activity at facility		
22	7-2-18.17	Angel Investment PIT Credit	0.4	(Industry)	Y	Y	0.4		As-of-right	EDD	2.0	Found $	Partly	Indirectly, yes	EDD: annual rpt to LFC on # & names of investors certified & amt of credit certified for each investor; # of names of qualified businesses; eval of credit as incubator of new businesses	Direct?	GASB 77; waive confidentiality; req e-base jobs
23	7-9-13.3	Baseball Stadium GRT Exemption	0.4	Not TE	Y		Not ED TE		As-of-right	Local govt		Existing	No	No	None	Climate	
24	7-2E-1.1	Rural Job Credit against Modified Combined Tax, PIT, and CIT	0.4	Y	Y	Y	0.4		As-of-right	EDD		Found $?	Yes	Yes	EDD, TRD & WSD: annual eval of effectiveness to each Legislative session	Direct	GASB 77; def of rural-urban split; waive confidentiality; req e-base jobs
25	7-9-94	Military Transformation Program (at WSMR) GR Deduction	0.3	(Industry)	Y	Y	0.3		As-of-right			Found $	Sale to Fed Govt	Yes	TRD: Annual (by 12/1) to RSTP & LFC on deduction amt; # claimants	Direct	
26	7-9J-1 *et seq.*	Alternative Energy Product Manufacturers Credit against Modified Combined Tax Liability	0.2	Y	(Energy)	Y	0.2		As-of-right			Found $	Assumes products are exported	Indirectly, yes	None	Direct	GASB 77; waive confidentiality; req e-base jobs
27	7-9-107	Boxing, Wrestling Promotion GR Deduction	0.2	(Industry)	Y		Not ED TE		As-of-right			Existing	No	No	None	Climate	
28	7-9-57.2	Software Development Services in Rural Areas GR Deduction	0.2	(Industry)	Y	Y	Not ED TE		As-of-right			?	No	No	None	?	def of rural-urban split
29	7-9-56.3	Trade-support Company in a Border Zone GR Deduction	0.2	(Industry)	(Other)	Y	0.2		As-of-right			Found $	Assumes services are exported	Indirectly, yes	TRD: Annual on deduction amt; # claimants	Direct	
30	7-9-62.1	Aircraft Sales or Services Deduction from GR	0.1	Y	Not TE	Y	0.1		As-of-right			Existing	Assumes sales & services exported	Indirectly, yes	TRD: Annual internal rpt on deduction amt; # claimants; to RSTP & LFC every 5 yrs, beginning in 2019	Direct	

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31	7-9-98	Biomass-related Equipment & Materials Comp Deduction	0.1	(Energy)	(Energy)	Y	Not ED TE		As-of-right			Found $	No	No	None	Climate	
32	7-9-108	Investment Management or Advisory Services GR Deduction	0.1	Y	Not TE	Y	0.1		As-of-right			Found $	No	Indirectly, yes	None	Direct	
33	7-4-10(B)	Sales-weighted Apportionment Election	0.1	Y	Y	Y	0.1		As-of-right			Existing	Indirectly Yes	Indirectly, yes	None	Climate	
34	7-9-54.2	Spaceport Operations GR Deductions (3); RDT&E services for USAF operationally responsive space program	0.1	(Industry)	Y	Y	0.1		As-of-right			Found $?	Indirectly Yes	Yes	None	Direct	
35	7-9-54.4, -54.5	Space-related Test Articles Comp Deduction	0.1	(Industry)	Y		0.1		As-of-right			Found $?	Indirectly Yes	Yes	None	Direct	
36	7-9-26.1	Space Vehicle Fuel GRT and Comp Exemption	0.1	(Industry)	Y		0.1		As-of-right			Found $	Indirectly Yes	Yes	None	Direct	
37	7-2-18.26/7-2A-26	Transportation of Dairy Biomass Waste PIT, CIT credit	0.1	(Environ)	(Other)		Not ED TE		As-of-right	EMNRD	5.0	Found $	No	No	None	Climate	GASB 77; waive condifentiality
38	7-2-11A(4)(b)	Allocation of Compensation to State of Residence by Employees of Manufacturer Located within 20 Miles of Texas-New	Unk			Y	Unk		As-of-right			Found $	Partly	Indirectly, yes	None	Direct	
39	7-9-79.2	Biodiesel Blending Facility GRT & Comp Credit	0.0	(Energy)		Y	Not ED TE		As-of-right	EMNRD	1.0	Found $	No	No	None	Direct	GASB 77; waive confidentiality
40	7-2-18.4 and 7-2A-15	Business Facility Rehabilitation Credit against PIT and CIT for Qualifying Facilities in an Enterprise Zone	0.0	Y	(Other)		Repeal		As-of-right			Found $	No	No	None	Climate	GASB 77
41	7-15-3.2 and 7-15A-5(D)	Commercial Motor Carrier Vehicles Operating Exclusively within 10 Miles of Mexico Border Exemption from Trip Tax and Weight-distance Tax	Unk	Y			Not TE		As-of-right			?	No	Yes	None	Direct	Check vs federal law/rules: "NM com'l zone" = DA & Luna counties
42	7-9-56.2	Hosting World Wide Web Sites GR Deduction	Unk	Y	(Other)	Y	Unk		As-of-right			Existing	No	Maybe	None	Climate	
43	4-59-12	Industrial Revenue Bonds	Unk		Y		Debt		Discretionary	Local govts		Found $?	No	Maybe	None	50-50	GASB 77; data collection
44	7-9-57	Sale of Certain Services to an Out-of-State Buyer GR Deduction	Unk	Y	Not TE		Not TE		As-of-tight			Existing	Yes	By def	None	Direct	
45	7-9-53	Sale or Lease of Real Property & Lease of Manufactured Homes GR Deduction	Unk	Y	Not TE		Not TE		As-of-right			Existing	No	No	None	Climate	
46	7-9-86	Sales to Qualified Film Production Company GR/GGR Deduction	Unk	Y			Not ED TE		As-of-right			Existing	No	No	None	Climate	
47	7-4-10(C)	Sales-weighted Apportionment Election for Headquarters - PIT, CIT	N/A	Y	Y	Y	Unk		As-of-right			Existing	Indirectly Yes	Indirectly, yes	None	Climate	
48	7-2D-8.1	Venture Capital Investment Credit against PIT	0.0	Y	Y		Repeal		As-of-right			Found $	No	No	None	Direct	
49	3-64-3	New Business Facility Personal Property Exemption	Unk				Unk		Discretionary	Local govts		Found $	No	No	None	Direct	GASB 77?; data collection
50	7-9-78.1	Uranium Enrichment Plant Equipment Comp Deduction	**	(Industry)	Not TE		**		As-of-right			Found $	Assumes export of services	Indirectly, yes	None	Direct	
51	7-9-103.2	Electricity Exchange GR Deduction	0.0	(Industry)			0.0	0.0	As-of-right			Found $	No	Indirectly, yes	TRD: annual rpt to RSTP on deduction's use	Direct	
		Totals	315.7				155.9										

Notes:

Yellow/orange	Not a tax expenditure.
Light purple/salmon	A tax expenditure but not an ***economic development*** tax expenditure.
Green	Not a tax expenditure but rather another type of economic development incentive
Blue	Provision may have economic development intentions but either does not require creation/retention of jobs or that the jobs be
Red	Recommended for repeal

(1) From "Table B: Table of Expenditures by Category", **Tax Expenditure Report for FY2015**, Taxation and Revenue Department. TRD places tax expenditures into six categories, one of which is "Economic Development", indicated by "Y". "Citizen" indicates the category "Citizen Benefit Expenditures", "Energy" the category "Environment, Conservation and Renewable Energy Expenditures" and "Industry" the category "Highly Specialized Industry Expenditures".

(2) From "Table A, Economic Development Tax Expenditures", **Report of the Legislative Finance Committee to the 52nd Legislature, 2nd Session**, Vol III; supplemented by information in Tables B through E. LFC organizes tax expenditures into four classes, of which economic development is the first (indicated by "Y"). "Energy" indicates the category "Renewable Energy and Energy Conservation Expenditures" and "Other" of course "Other Tax Expenditures". LFC also presents a fifth table which explains why items included in it are not tax expenditures. Most of these are gross receipts tax exemptions and deductions but a few income tax and other items are included as well.

(3) From the Economic Development Department's website: https://gonm.biz/why-new-mexico/competitive-business-climate/incentives.

(4) Amounts shown in black are estimated FY2016 impacts drawn from the LFC report but item 14 (marked by #) is from the fiscal impact report for HB-2, 2015 Special Session. A number in red is the average cost over the period FY 2010 - FY2014 as shown in TRD's report but item 24 (marked by *) is the actual cost for FY2015.

** Redacted by TRD

(5) Fiscal impact number adjusted per telecon with LFC analyst Jon Clark.

Glossary:
"CIT" = corporate income tax [7-2A-1 thru 28 NMSA 1978]
"Comp" = compensating tax [7-9-7 NMSA 1978]
"EDD" - Economic Development Department
"GGR" = governmental gross receipts [7-9-3.2 NMSA 1978]
"GR" = gross receipts [7-9-3.5 NMSA 1978]
"GRT" = gross receipts tax [7-9-4 NMSA 1978]
"LET" = liquor excise tax [7-17-5 NMSA 1978]
"LFC" = Legislative Finance Committee
"Modified combined tax liability" = sum of gross receipts, compensating and (wage) withholding tax liabilities (with minor va riations in some instances)
"PIT" = personal income tax [7-2-1 thru 37 NMSA 1978]
"RDT&E" = research, development, testing and evaluation
"RSTP" - interim Revenue Stabilization and Tax Policy Committee
"TIDD" = "Tax Increment Development District" [5-15-1 thru 28 NMSA 1978, which authorizes use of tax increment financing]
"TRD" = Taxation and Revenue Department
"Unk" = unknown
"USAF" = United States Air Force
"WSMR" = White Sands Missile Range