



The following section outlines and defines the incentives that may be offered by Lea County. Interested parties may become eligible for additional incentives when Lea County is chosen as the final site location for your new facility. Lea County and the EDC of Lea County will work together to ensure that all possible incentives are utilized.

Development Incentives

Industrial Revenue Bonds (IRBs)

Industrial revenue bonds may be issued to finance privately-operated developed projects by a municipality, county, or the New Mexico Finance Authority. The private party initiates the process by requesting that the government unit issue the bonds (a political process done in accordance with local and state laws).

IRBs offer property and gross receipts tax relief to a company. The project financed is actually owned by the governmental issuer of the IRB and leased to the private operator under a finance lease (which allows the private operator to take the depreciation on the project for tax purposes in addition to a deduction for interest paid on the IRBs). Tangible personal property (other than building materials and related construction services) purchased with IRB proceeds is deductible for gross receipts tax purposes because it is being sold to a government purchaser. IRBs of \$10 million or less issued to finance manufacturing facilities may also be eligible for exclusion of interest from gross income for federal income tax purposes (effectively lowering the interest rate on the IRBs).

Through the Statewide Economic Development Finance Act the Economic Development Department can recommend projects to the New Mexico Finance Authority for issuance of taxable and tax-exempt IRBs. (Note: IRBs are called IDBs in other jurisdictions.)

Manufacturers Investment Tax Credit (Investment Credit Act)

Manufacturers may take a credit equal to five percent of the value of qualified equipment imported and put into use in a manufacturing plant in New Mexico. The credit may be applied against gross receipts, compensating, and withholding tax liabilities; but excludes local option gross receipts taxes. The credit may be carried forward for up to five years. The credit requires one new job for every \$500,000 of investment claimed (\$25,000 in credit) up to \$30 million in investment and one new job for every \$1 million in investments claimed (\$50,000 in credit) when investment exceeds \$30 million. The credit may be claimed for equipment acquired under an IRB. This is a double benefit because no gross receipts or compensating tax was paid on the purchase or importation of the equipment.

Operational Incentives

Child Care Corporate Income Tax Credit

Corporations providing or paying for licensed child care services for employees' children under 12 years of age may deduct 30 percent of eligible expenses from their corporate income tax liability for the taxable year in which the expenses occur. For a company operating a value-added day care center for its employees, this credit reduces the cost to provide this benefit to employees. The corporate income tax credit is 30 percent of eligible costs up to \$30,000 in any taxable year. Unused credit amounts may be carried forward for three years.



Labor Incentives

Job Training Incentive Program (JTIP)

New Mexico has one of the most aggressive training incentive packages in the country. The Job Training Incentive Program funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses from 50 percent to 80 percent of employee wages and required travel expenses. Custom training at a New Mexico public educational institution may also be covered.

Eligible Uses

Customized training is conducted at the business facility or at an educational institution in one of three ways:

- Custom classroom training at New Mexico public educational institutions
- Training at the business facility, with hands-on skill development, customized to develop unique skills essential to the business
- A combination of on-the-job and classroom training.

Rates, Terms

Trainee wages are reimbursed to the company at the completion of the approved training period which ranges from three to six months. Reimbursement is 50 percent in urban locations, 60 percent in rural locations, 70 percent in frontier locations and 75 percent on Native American land or in economically disadvantaged areas. Jobs which also meet the wage requirements of the High Wage Jobs Tax Credit are eligible for an additional five percent reimbursement.

Instructional cost of classroom training is reimbursed at a maximum of \$35 per hour per trainee with a cap of \$1,000 per trainee. Costs include instructional salaries, fringe benefits, supplies and materials, textbooks, expendable tools and other necessary and reasonable costs associated with conducting training.

Travel cost required by training is reimbursable up to five percent of the total amount requested for wages.

Other Conditions

To be eligible for JTIP, trainees must be new hires to the company, must have been residents of the State of New Mexico for at least one continuous year at any time prior to employment in an eligible position, must be currently domiciled in New Mexico, and must be of legal status for employment. Trainees must not have left a public school program in the three months prior to employment, unless they graduated or completed a GED.



High Wage Jobs Tax Credit

A taxpayer who is an eligible employer may apply for and receive a tax credit for each new high-wage economic-based job. The credit amount equals 10 percent of the wages and benefits paid for each new economic-base job created.

Qualified jobs

- Pay at least \$28,000/year in a community with a population of less than 40,000.
- Pay at least \$40,000/year in a community with a population of 40,000 or more.
- Created on or after July 1, 2004 and prior to July 1, 2009 and is occupied for at least 48 weeks by the employee

Qualified employers can take the credit for four years. The credit can be applied to the state portion of the gross receipts tax, compensating tax and withholding tax. Any excess credit will be refunded to the taxpayer. The credit shall not exceed \$12,000 per year, per job.

Qualified employers

- Employers who made more than 50 percent of its sales to persons outside New Mexico during the most recent 12 months of the employer's modified combined tax liability reporting periods ending prior to claiming this credit
- Are eligible to the Job Training Incentive Program (manufacturing facilities and non-retail services industries)
- Are growing with employment greater than the year before

Qualified employees

- Must be a resident of New Mexico
- Cannot be a relative of the employer or own more than 50 percent of the company

Rural Jobs Tax Credit

Eligible employers may earn the rural job tax credit for each qualifying job. An "eligible employer" is one whom the Economic Development Department (505-827-0300) has approved for Job Training Incentive Program assistance. A qualifying job is a job filled by an eligible employee for 48 weeks in a 12-month qualifying period.

Employers receive a credit of 6.25 percent of the first \$16,000 in wages paid for a qualifying job or a maximum credit of \$1,000 per job. If the job is located in Tier One, the employer receives credit for four consecutive years. A Tier Two employer may take it for two consecutive years. Tiers are defined below. If the amount of credit for a qualifying period exceeds the owner's tax liability for the period, the excess may be carried forward for up to three years.

Rural New Mexico is defined as any part of the state other than Los Alamos County, certain municipalities (Albuquerque, Rio Rancho, Las Cruces, Santa Fe) and a ten-mile zone around those select municipalities. The rural area is divided into two tiers: Tier 2--all the rural area municipalities that exceed 15,000 in population (Alamogordo, Carlsbad, Clovis, Farmington, Gallup, Hobbs, Roswell); Tier 1--everywhere else in the rural area.



Incentives

Sample Incentive Summary based on a company having a \$7 million annual operating budget and bringing 50 new jobs to the area. To determine which incentives your company will be eligible to receive, please download, fill out, and return the **Incentive Questionnaire**.

Training & Payroll Reimbursement	
-Job Training Incentive Reimbursement	\$ 1,359,090
Property Tax Abatement or Exemptions on Tangible Property & Equipment	
Industrial Revenue Bonds	
-Property Tax Exemption on Real Property (Land & Building)	\$ 4,902,110
-Property Tax Exemption on Tangible Personal Property & Equipment	\$ 763,912
-Gross Receipts Tax Exemption on Tangible Personal Property & Equipment	\$ 850,000
Total IRB Incentives	\$ 6,516,022
Tax Credits and Deductions	
-High Wage Jobs Tax Credit	\$ 1,800,858
-Technology Jobs Tax Credit (cannot be used in conjunction with IRB)	\$ 960,000
-Rural Jobs Tax Credit	\$ 100,000
-Manufacturers Investment Tax Credit	\$ 850,000
-Child Care Tax Credit	\$ 150,000
Total Tax Credits and Deductions not including Technology Credit	\$ 2,900,858
Land Value	
-Site A	\$1,421,400
Total Value of Incentives & Infrastructure Investment	\$ 12,197,369