

New Mexico Tax Incentives

GENERAL

27J

The offer and sale of securities totaling less than \$1,500,000 by any corporation or limited liability company or any offer or sale of limited partnership interests by a limited partnership receive some regulatory relief. The provision generally reduces the expense and difficulty in selling securities. 58-13B-27J NMSA 1978

Angel Investment Tax Credit

An accredited investor who makes a qualified investment may claim a credit within one year for up to two qualified investments in a taxable year in an amount not to exceed 25 percent, up to \$100,000, of each qualified investment, for up to three years. 7-2-18.17 NMSA 1978

Child Care Corporate Tax Credit

A New Mexico employer that pays for or provides child-care services for employees may claim a credit against corporate income tax equal to 30 percent of the total expenses, net of any reimbursements, for child-care services incurred in the taxable year. 7-2A-14 NMSA 1978

High-Wage Jobs Tax Credit

A credit may be applied for each new high-wage economic-based job equal to 10 percent of the wages and benefits for the year in which the new high-wage economic-based job is created and for the three following qualifying periods. The credit shall not exceed \$12,000. If the credit exceeds the modified combined tax liability of the taxpayer, the excess shall be refunded to the taxpayer. 7-9G-1 NMSA 1978

Job Mentorship Tax Credit

A credit equal to 50 percent of gross wages paid to qualified students employed during the taxable year may be applied to corporate income tax. The credit shall not exceed \$12,000. 7-2A-17.1 NMSA 1978

New Markets Tax Credit

The New Mexico Finance Authority can finance an economic development project by selling up to \$110 million in investments to private investors. Investors must remain invested in the project for a minimum of seven years to earn the tax credit. Investors may claim a 39 percent credit of the investment against federal income tax over a period of seven years. 6-25-6.1 NMSA 1978

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Rural Jobs Tax Credit

Employers receive a credit of 6.25 percent of the first \$16,000 in wages for each qualifying job the employer creates, for four consecutive years in communities of less than 15,000 residents, and two consecutive years in non-MSA communities of more than 15,000 residents. Outstanding balances of the tax credit may be carried forward for up to three years. 7-2E-1.1 NMSA 1978

MANUFACTURING & TECHNOLOGY

Investment Credit

A manufacturer may claim a credit against compensating tax, gross receipts tax or withholding tax within one year following the end of the calendar year in which the qualified manufacturing equipment was purchased or introduced into New Mexico. Any balance of unclaimed credit may be claimed in subsequent reporting periods. Up to \$250,000 of an unclaimed credit balance may be refunded. To qualify for the credit, a manufacturer must employ the equivalent of one full-time employee for every: \$500,000 of total equipment investment of up to \$30,000,000; and \$1,000,000 of total equipment investment of more than \$30,000,000. 7-9A-1 NMSA 1978

Technology Jobs Tax Credit

A credit may be claimed against compensating tax, gross receipts tax or withholding tax within one year following the end of the calendar year in which a wide range of research-related expenditures, including payroll, were made. 7-9F-1 NMSA 1978

ENERGY

Advanced Energy Tax Credit

Advanced energy facilities, such as solar-thermal and photovoltaic electricity-generating facilities, are eligible for an income tax credit equal to 6 percent of facility-development and -construction expenditures, up to \$60 million in tax credit. 7-2-18.25 NMSA 1978

Alternative Energy Product Manufacturers Tax Credit

Manufacturers of electric or hybrid vehicles, fuel-cell systems, renewable-energy systems, IGCC systems and carbon-sequestration equipment may claim a tax credit of up to 5 percent of the their capital expenses. The credit may be applied against gross receipts, compensating, or withholding tax and may be carried forward for up to five years. 7-9J-1 NMSA 1978

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Biodiesel Blending Facility Tax Credit

The installer of biodiesel-blending equipment for the production of blended biodiesel fuel may claim a credit against gross receipts tax and compensating tax, equal to 30 percent of the purchase cost of the equipment and the cost of installation. The credit shall not exceed \$50,000 with respect to equipment installed at any one facility. 7-9-79.2 NMSA 1978

Biomass-related Equipment & Biomass Materials Tax Deductions

Deductions in computing the compensating tax due apply to the value of a biomass boiler, gasifier, furnace, turbine-generator, storage facility, feedstock-processing or -drying equipment, feedstock trailer or interconnection transformer, as well as the value of biomass materials used for processing into biopower, biofuels or biobased products. 7-9-98 NMSA 1978

Blended Biodiesel Fuel Tax Credit

Corporate income tax credits may be claimed for each gallon of blended biodiesel fuel (2 percent biodiesel minimum) upon which the special-fuel excise tax was imposed in the taxable year. 7-2A-23 NMSA 1978

Chemicals& Reagents Gross Receipts Tax Deduction

Receipts from selling chemicals or reagents to any mining, milling or oil company for use in processing ores or oil in a mill, smelter or refinery or in acidizing oil wells, and receipts from selling chemicals or reagents in lots in excess of 18 tons may be deducted from gross receipts. 7-9-65 NMSA 1978

Electricity Production & Transmission Compensating Tax Exemption

Electricity used in the production and transmission of electricity is exempted from the compensating tax. 7-9-38 NMSA 1978

Oil& Natural Gas Gross Receipts Tax & Compensating Tax Exemptions

The following are exempt from gross receipts tax or compensating tax in lieu of other taxes:

- Receipts from the sale of or leasing of oil, natural gas or mineral interests;
- Receipts from the sale of products;
- Receipts from the sale or processing of products;
- Receipts from the sale or processing of natural resources the severance or processing;
- Receipts from the sale of oil, natural gas, liquid hydrocarbon or any combination thereof consumed as fuel in the pipeline transportation of such products; and
- The use of oil, natural gas, liquid hydrocarbon or any combination thereof as fuel in the pipeline transportation of such products.

7-9-32 NMSA 1978; 7-9-33 NMSA 1978; 7-9-34 NMSA 1978; 7-9-35 NMSA 1978; 7-9-36 NMSA 1978; 7-9-37 NMSA 1978

Renewable Energy Production Tax Credit

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Each renewable-energy generator of one megawatt or more may earn an income tax credit (personal or corporate) of 1 to 4 cents per kilowatt-hour over 10 years for the first 400,000 megawatt-hours (400,000,000 kilowatt-hours) of electricity, beginning with the first year of production. 7-2A-19 NMSA 1978

Renewable Energy Transmission Equipment Gross Receipts Tax Deduction

Receipts from selling equipment to the New Mexico Renewable Energy Transmission Authority (RETA) or an agent or lessee of RETA may be deducted from gross receipts if the equipment is installed as part of an electricity- transmission facility or an interconnected storage facility acquired by RETA. 7-9-101 NMSA 1978

Renewable Energy Transmission Equipment Compensating Tax Deduction

The value of equipment installed as part of an electricity-transmission facility or an interconnected storage facility acquired by the New Mexico Renewable Energy Transmission Authority. 7-9-102 NMSA 1978

Renewable Energy Transmission Services Gross Receipts Tax Deduction

Receipts from providing services to the New Mexico Renewable Energy Transmission Authority (RETA) or an agent or lessee of RETA for the planning, installation, repair, maintenance or operation of an electricity-transmission facility or an interconnected storage facility acquired by RETA may be deducted from gross receipts. 7-9-103 NMSA 1978

Solar Energy Systems Gross Receipts Tax Exemption

Receipts from the sale and installation of on-site solar-electric and solar-heating systems may be deducted from gross receipts. 7-9-112 NMSA 1978

Solar Market Development Income Tax Credit

Up to \$9,000 of income tax credits may be claimed for the purchase and installation costs of a solar-thermal system or photovoltaic system for a home or business, in addition to the federal solar tax credit. 7-2-18.14 NMSA 1978

Special Fuel Gross Receipts Tax Deduction

Receipts from selling special fuel consisting of at least 99 percent vegetable oil or animal fat may be deducted from gross receipts if the deduction from the special-fuel excise tax. 7-9-113 NMSA 1978

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Sustainable Building Tax Credit

Income tax credits may be claimed for the construction or renovation of energy-efficient, sustainable buildings if certified by the LEED Green Building rating system or the Build Green New Mexico rating system. 7-2A-21 NMSA 978

Uranium Enrichment Plant Equipment Compensating Tax Deduction

The value of equipment and replacement parts for that equipment may be deducted in computing the compensating tax due if the person uses the equipment and replacement parts to enrich uranium in a uranium-enrichment plant. 7-9-78.1 NMSA 1978

Uranium Enrichment & Enriched Uranium Gross Receipts Tax Deductions

Receipts from selling enriched uranium and from providing the service of enriching uranium may be deducted from gross receipts. 7-9-90 NMSA 1978

Wind Energy Generation Equipment Gross Receipts Tax Deduction

Receipts from selling wind generation nacelles, rotors or related equipment to the United States or New Mexico or any governmental unit or subdivision, agency, department or instrumentality thereof, if such equipment is installed on a supporting structure, may be deducted from gross receipts. 7-9-54.3 NMSA 1978

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New Mexico Bond Financing

Business Bond

Through what is referred to as the “BBB Program”, the [State Investment Council](#) may invest up to \$20 million in a bond rated BBB or better, the proceeds of which may fund the expansion or relocation of a business in New Mexico. The bond must be issued by a U.S. corporation, and the bond’s rate of interest shall not exceed the equivalent yield on comparable U.S. Treasury securities plus 100 basis points, depending on the financial condition of the borrower and the nature of the investment. 7-27-5.4 NMSA 1978

Economic Development Revolving Fund Bond

Under the Statewide Economic Development Act, the [New Mexico Finance Authority](#) may issue economic development revolving fund bonds for making loans, entering into loan participations, and providing loan guarantees. The economic development revolving fund bonds issued by the authority may be sold at any time at private or public sale. 6-25-17 NMSA 1978

Energy Efficiency & Renewable Energy Bonds

Through the Energy Efficiency and Renewable Energy Bonding Act, the [New Mexico Finance Authority](#) may issue up to \$20 million in bonds backed by the state’s gross receipts tax to make loans to state agencies, universities and public schools to fund energy-efficiency and renewable-energy renovations at existing facilities. To pay debt service on the bond, 90 percent of the expected energy utility bill savings is “captured” from the participating agencies’ budgets. 6-21D-1 NMSA 1978

Project Revenue Bond

Under the Statewide Economic Development Act, the [New Mexico Finance Authority](#) may issue a project revenue bond to fund a qualified project. Project revenue bonds may be executed and delivered at any time and may be sold at public or private sale. All project revenue bonds issued pursuant to the Statewide Economic Development Finance Act shall be negotiable. 6-25-7 NMSA 1978

Renewable Energy Transmission Bond

As part of the [Renewable Energy Transmission Authority \(RETA\)](#) Act, RETA may issue and sell revenue bonds, for the purpose of entering into a project when the authority determines that the project is needed. The net proceeds from the bonds are appropriated to RETA for the purpose of financing or acquiring eligible facilities. 62-16A-1 NMSA 1978

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Federal Business Funding

SMALL BUSINESS ADMINISTRATION

7(a)

From Section 7(a) of the Small Business Act, commercial lenders' [7\(a\)](#) small-business loans are guaranteed by the Small Business Administration.

504 – Enchanted Land Certified Development Company

The Small Business Administration's [504 loan program](#) provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. [Enchanted Land Certified Development Company](#) works with the Small Business Administration and a private-sector lender to make a secured loan to a small business, which must contribute at least 10 percent of the project cost.

CAPLines

[CAPLines](#) is the umbrella program under which the Small Business Administration helps small businesses meet their short-term and cyclical working-capital needs. Most CAPLines loans can be for any dollar amount that does not exceed SBA's limit. There are five short-term working-capital loan programs under the CAPLines umbrella: Seasonal Line, Contract Line, Builders Line, Standard Asset-Based Line and Small Asset-Based Line.

Export Working Capital

The [Export Working Capital](#) program incentivizes banks to make export loans to qualified small-business exporters that would otherwise lose viable export sales due to a lack of working capital. Export Working Capital loans are used for transaction financing.

International Trade Loan

The [International Trade Loan](#) is a term loan designed for businesses that plan to start or continue exporting, or for those that have been adversely affected by competition from imports. The proceeds of the loan must enable the borrower to be in a better position to compete.

Pollution Control Loan

[Pollution Control Loans](#) are 7(a) loans, limited to use for fixed assets only, with a special purpose of pollution control. The program is designed to provide financing to eligible small businesses for the planning, design, or installation of a pollution-control facility that must prevent, reduce, abate, or control any form of pollution, including recycling.

Private Equity

ANGEL INVESTMENT

Gathering of Angels

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The [Gathering of Angels](#) is a monthly forum where companies present their product or service offerings to accredited angel investors, venture capitalists and investment bankers.

New Mexico Angels

The [New Mexico Angels](#) (NMA) is an intermediary between member venture capitalists and entrepreneurs. NMA is not a venture fund, but a vehicle through which members may negotiate the terms of and directly invest in New Mexico-based, early-stage and seed companies.

VENTURE CAPITAL

Altira Group

[Altira Group](#) invests in transformative, growth technology companies spanning the value chains of both traditional and alternative energy industries - from source to resource.

ARCH Venture Partners

[ARCH Venture Partners](#) invests in the development of seed and early-stage technology companies that have the potential to grow rapidly into successful businesses.

Blue Sage Capital

[Blue Sage Capital](#) invests in proven, growing, small middle-market companies that have the potential to become market leaders.

Cottonwood Technology Group

[Cottonwood Technology Group](#) provides venture services and capital to technology-transfer opportunities having strong commercial potential.

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Epic Ventures

Epic Ventures actively invests in early-stage, high-technology companies across all sectors in the western United States.

Flywheel Ventures

Flywheel Ventures provides seed- and early-stage venture capital to entrepreneurs in information technology and the physical sciences.

Invencor

Invencor, with its International Venture Fund, invests in capital-efficient, high-technology, high-growth companies located in emerging markets.

ITU Ventures

ITU Ventures serves technology businesses emerging from the nation's leading universities, research institutions and corporations.

Mesa Capital Partners

Mesa Capital Partners is an early-stage private equity firm that invests in high-potential small businesses in industries and geographic areas underserved by other capital providers.

New Mexico Community Capital

New Mexico Community Capital provides equity capital and business-growth services to qualifying businesses throughout New Mexico, particularly in under-invested areas.

New Mexico Investment Council Private Equity Investment Program

The New Mexico State Investment Council (SIC) may make equity and debt investments directly in New Mexico businesses, the mechanism of which is the New Mexico Co-Investment Partnership, a New Mexico private equity fund managed by Sun Mountain Capital. The SIC's direct investments in New Mexico companies may represent no more than 51 percent of the investment capital in a business and must be made in conjunction with one or more qualified co-investors. Investments in qualified New Mexico companies range from \$1 million to \$20 million. 7-27-5.15 NMSA 1978

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New Mexico Small Business Investment Corporation

Created by the Legislature in 2000, the [New Mexico Small Business Investment Corporation](#) provides equity and loans directly to small businesses in New Mexico. In every instance, the investment should be identified by a financial professional, like a bank, alternative lender or equity fund that has a financial stake in the proposed investment. 58-29-4 NMSA 1978

Red River Ventures

[Red River Ventures](#) is a private-equity fund that actively invests in growth companies across a broad spectrum of industries, including manufacturing and technology.

Sun Mountain Capital

[Sun Mountain Capital](#) provides investment-fund advisory services for public and private entities, in addition to managing direct-investment funds. [Sun Mountain Capital manages and is general partner of the state's private equity fund.](#)

Technology Funding Inc.

[Technology Funding Inc.](#) makes direct venture-capital investments in startup companies.

Verge Fund

[Verge Fund](#) is a venture-capital fund that invests in seed-stage, high-technology, high-growth ventures in New Mexico, focusing on opportunities at the earliest stages of development.

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