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## **Business Incentives**

*By admin*

Published: 01/15/2013 - 19:53

## **Local Incentives**

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The Greater Tucumcari Economic Development Corporation, as advisor to the city on local gross receipts tax economic development fund, would consider capital requests for “bricks and mortar” costs as follows:

1. GTEDC and the City of Tucumcari could provide capital investment towards construction of a facility on industrial park property, or of capital equipment purchases. This investment would be contingent upon the GTEDC receiving a letter of commitment on the part of Prospect to locate in Tucumcari, NM, completion of a Project Participation Agreement, and hiring a major percentage of personnel from our local labor pool. The City of Tucumcari is allowed to invest up to 10% of the General fund as allowed under the Local Economic Development Act.
2. Additionally, the City of Tucumcari and the County of Quay would consider supporting the issue of industrial revenue bonds to finance the project. The project would qualify as eligible projects include headquarters buildings, warehouses and manufacturing plants. The project could potentially be exempt for up to 30 years from gross receipts taxes on tangible property and equipment and from property taxes on land, buildings, and equipment.

## **General Tax Credits**

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### **High-Wage Jobs Tax Credit**

Companies may take a credit equal to ten percent of the combined value of salaries and benefits for each new job

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paying a minimum of \$28,000 per year in areas with populations less than 40,000 persons; companies located in larger areas must pay salaries of \$40,000 to receive the credit. Qualified employers may take the credit for up to four years and any excess credit will be refunded to the business. The credit shall not exceed \$12,000 per year, per job. The credit is applied against the businesses tax liability, including the state portion of gross receipts tax, compensating tax and withholding tax.

### **Manufacturer's Investment Tax Credit**

Manufacturers may take a tax credit of five percent of the value of qualified equipment and other property used in their operation. The credit can be applied against compensating, gross receipts or withholding tax up to 85% of the total. Any remaining available credit may be claimed in subsequent reporting periods. In addition, the company must add one new job for each credit up to \$30 million; and one new employee must be hired for each \$500,000 in equipment.

### **New Markets Tax Credit**

This is an investment tax credit which varies based on the cost of the project. For example: If a business invests \$1,000,000 into a low-income area of New Mexico, the business can apply for a tax credit totaling \$390,000 which would be disbursed over the course of seven years. The business must remain invested in the project for a minimum of seven years to earn the tax credit.

### **Rural Jobs Tax Credit**

Eligible employers must be located in a rural area and be approved for the JTIP program. Employers receive a credit of 6.25% of the first \$16,000 in wages. If the job is located in a Tier 1 community (< 15,000 in population), the employer may take the credit for four consecutive years. Businesses located in a Tier 2 community (> 15,000 in population) may take the credit for two consecutive years. If the amount of credit exceeds the businesses tax liability, 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, Albuquerque, Rio Rancho, Las Cruces and Santa Fe – and a 10 mile zone around municipalities.

### **Technology Jobs Tax Credit**

Businesses may take a credit on research expenditures of 4% (8% in rural areas). Qualified expenditures may include land, buildings, equipment, computer software and upgrades, consultants, technical literature, test materials, patents, payroll, and labor. The credit may be taken against gross receipts tax, compensating tax or state payroll tax, and may be carried forward. An additional 4% may be applied against state income tax if base payroll expenses will be increased by at least \$75,000 per \$1,000,000 of expenditures claimed.

### **Angel Investment Tax Credit**

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A taxpayer who files a New Mexico income tax return and who is a “qualified investor” may take a tax credit of up to \$25,000 (25% of a qualified investment of not more than \$100,000).

## **Clean Renewable Energy**

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### **Advanced Energy Tax Credits**

Advanced energy facilities, such as solar thermal electric generating, advanced technology coal generating or recycled energy, may qualify for up to \$60 million in credits. The credit is equal to 6 percent of facility development and construction expenditures.

### **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 receive for a tax credit of up to 5 percent of their capital expenses. The credit may be applied against gross receipts, compensating, or withholding tax and may be carried forward for up to 5 years.

### **Biodiesel Blending Facility Tax Credit**

A business which installs biodiesel blending equipment owned by the rack operator for the purpose of establishing or expanding a facility to produce blended biodiesel fuel is eligible to claim a credit against gross receipts tax and compensating tax. The credit is equal to 30% of the purchase cost of the equipment and the cost of installing that equipment. The credit cannot exceed \$50,000 with respect to equipment installed at any one facility nor can the claims exceed \$1,000,000 per calendar year.

### **Blended Biodiesel Fuel Tax Credit**

Provides a tax credit on blended biodiesel fuels (minimum of 2 percent biodiesel). Gross receipts and compensating tax may be deducted for installing biodiesel blending infrastructure up to \$50,000 per facility or \$1 million per year.

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## **Hybrid Vehicle Tax Exemption**

Purchasers of hybrid gasoline-electric vehicles with an EPA fuel economy rating of 27.5 miles per gallon or better can save between \$600 and \$1,000 in-state tax savings in addition to the federal tax deduction.

## **Renewable Energy Production Tax Credit**

Each renewable energy generator of one megawatt or more may earn an income tax credit (personal or corporate) of 2.7 cents (on average) per kilowatt-hour for the first four hundred thousand megawatt-hours (=400,000,000 kilowatts) of electricity produced for ten consecutive years, beginning with the first year of production. New Mexico's is fully refundable.

## **Solar Energy Systems Gross Receipts Tax Exemption**

Power produced from solar electric and solar thermal energy systems is exempt from gross receipts tax when the generated power is used on-site.

## **Solar Market Development Income Tax Credit**

Augments the federal solar tax credit by reimbursing up to 30 percent of the cost of a solar photovoltaic or solar thermal system. Solar system owners can receive up to \$2,000 federal solar tax credits and up to \$9,000 in state solar tax credits.

## **Sustainable Building Tax Credit**

This credit provides income tax credits for building energy-efficient, sustainable commercial, institutional and residential buildings. Homes must be 40 percent more energy efficient than the standard building code. Commercial and institutional buildings must be 50 percent more energy efficient.

## **Technology and Manufacturing**

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### **Research and Development Gross Receipts Tax Deduction**

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R&D services exported from the state are deductible from the gross receipts tax.

### **Research & Development Small Business Tax Credit**

Qualified small businesses receive a tax credit equal to the sum of all gross receipts, compensating and withholding taxes due if at least 20% of their total annual expenses are for R&D.

### **Rural Software and Web Site Gross Receipts Tax Deduction**

Receipts from software and web development services located in rural New Mexico are deductible from the gross receipts tax.

### **Technology Jobs Tax Credit**

Tax credits up to 8% of expenditures (including payroll) available for research and development in urban areas, doubling to 16% in rural communities.

## **Telemarketing**

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### **Telemarketing Gross Receipts Tax Exemption**

Receipts from WATS (Wide Area Telephone Service) and private communications services are exempted from gross receipts tax and interstate telecommunications gross receipts tax act.