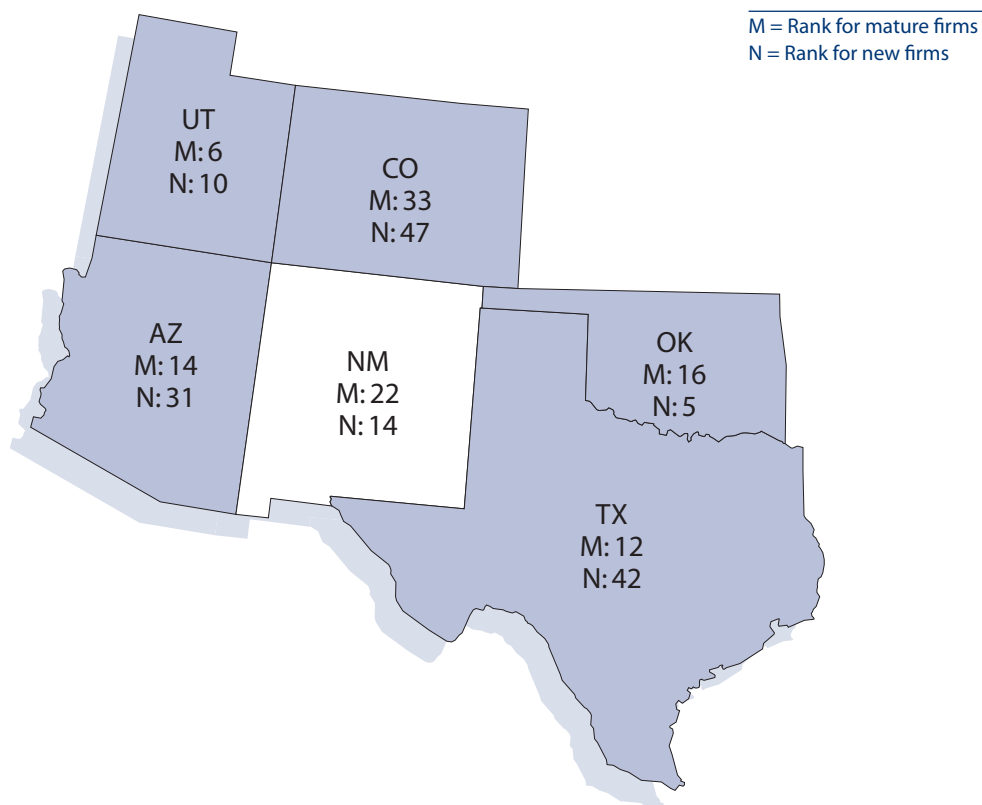


## New Mexico



New Mexico ranks 22nd overall for mature operations and 14th overall for newly established operations. Specifically:

- New Mexico ranks eighth for the mature retail establishment, with a total tax burden nearly 21 percent below the national average. This firm has one of the lowest income tax burdens of its type, in large measure because its taxable profits fall below the state's top tax rate of 7.6 percent. It also has a very modest property tax burden.
- The state ranks 42nd for mature labor-intensive manufacturing, with a tax burden that is 28 percent above the national average. While this firm enjoys the fifth-lowest property tax burden of its type, it also bears the second-highest sales tax burden of its type. The firm's income tax burden is also well above average because of the state's throwback rule.
- New Mexico ranks third for new R&D operations with a tax burden roughly 85 percent below the national average. This operation enjoys the second-lowest property tax burden of this firm type and one of the lowest income tax burdens, thanks in large measure to the state's jobs credit and R&D credit.
- The state ranks 34th for new capital-intensive manufacturing and 35th for new labor-intensive manufacturing. Although these operations enjoy very low income and property tax burdens – thanks to generous tax incentives for property taxes, investments, and jobs – they have the second-highest sales tax burden in the nation and an above-average unemployment insurance tax burden.

## New Mexico

### Corporate income tax

|   |             |
|---|-------------|
| Main tax rate                             | 7.600%      |
| Applies to income over                    | \$1,000,000 |
| Specific adjustments:                     |             |
| - s.199 deduction allowed                 |             |
| - Deduction allowed for in-state tax paid |             |

| Apportionment                                | Property | Payroll | Sales |
|--|----------|---------|-------|
| Standard factors                             | 33.3%    | 33.3%   | 33.3% |
| Optional for mfg.                            | 25.0%    | 25.0%   | 50.0% |
| Throwback applies to tangible property sales |          |         | Yes   |
| Interstate services income apportionment     |          |         | IPA   |

### Sales and property tax

| Metro areas examined                               |             | Sales tax              | Property tax |           |           |           |
|--|-------------|------------------------|--------------|-----------|-----------|-----------|
|  |             | Main rate <sup>a</sup> | Land         | Buildings | Equipment | Inventory |
| Tier 1   | Albuquerque | 6.542%                 | 1.339%       | 1.339%    | 1.339%    | -         |
| Tier 2   | Santa Fe    | 8.188%                 | 0.938%       | 0.938%    | 0.938%    | -         |
| a. Manufacturing machinery is subject to sales tax |             |                        |              |           |           |           |

### Other taxes

| Unemployment insurance |          | State capital tax | Gross receipts tax |          |        | Local income tax |
|------------------------|----------|-------------------|--------------------|----------|--------|------------------|
| Rate                   | Max. pay |                   | Mfg.               | Services | Retail |                  |
| 2.00%                  | \$21,900 | n/a               | Tier 1             | n/a      | n/a    | n/a              |
|                        |          |                   | Tier 2             | n/a      | n/a    | n/a              |

### Incentives for newly established operations

| Type         | Incentive value                                    | MC | ML | CC | DC | CO | RD | RT |
|--------------|--|----|----|----|----|----|----|----|
| Investment   | 5% of capital investment to \$500,000 max. per job | ✓  | ✓  |    |    |    |    |    |
| Job creation | 10% per new job with wages >\$40,000 x 3 years     | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  |
| Withholdings | n/a  |    |    |    |    |    |    |    |
| R&D          | 4-8% of in-state actual R&D expenses               |    |    |    |    |    | ✓  |    |
| Property tax | 100% abatement x 20 years on equipment             | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  |

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

### Results

|       | Newly established operations |       |       |       |                   |      |       |             | Mature operations |                   |       |       |       |                   |       |             |  |     |
|-------|------------------------------|-------|-------|-------|-------------------|------|-------|-------------|-------------------|-------------------|-------|-------|-------|-------------------|-------|-------------|--|-----|
|       | Tier 2 operations            |       |       |       | Tier 1 operations |      |       |             | AVG               | Tier 2 operations |       |       |       | Tier 1 operations |       |             |  | AVG |
|       | MC                           | ML    | CC    | DC    | CO                | RD   | RT    | MC          |                   | ML                | CC    | DC    | CO    | RD                | RT    |             |  |     |
| TETR  | 13.0%                        | 12.8% | 24.6% | 29.0% | 12.0%             | 2.3% | 22.5% |             | 15.6%             | 14.9%             | 19.7% | 23.1% | 15.0% | 11.3%             | 13.4% |             |  |     |
| Index | 113.8                        | 109.1 | 98.5  | 80.1  | 74.1              | 15.8 | 68.8  | <b>80.0</b> | 122.9             | 127.5             | 93.8  | 75.2  | 95.3  | 87.7              | 79.4  | <b>97.4</b> |  |     |
| Rank  | 34                           | 35    | 22    | 19    | 13                | 3    | 6     | <b>14</b>   | 40                | 42                | 22    | 12    | 23    | 18                | 8     | <b>22</b>   |  |     |

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store