

City of Ruidoso Downs Community Business Plan

June 2005



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Table of Contents

Executive Summary	1
Introduction.....	3
Community Description.....	5
Community SWOT Analysis	14
Goals, Objectives and Strategies.....	16
Industrial Land Inventory	19
Industry Targets	21
Resources for Business Development.....	23
Business Incentives.....	24

Appendices

Appendix A. Local Economic Development Act	25
Appendix B. Commercial and Industrial Land Inventory	28
Appendix C. Business Incentives and Resources in New Mexico	31

Figures

Figure 1. Household Income Distribution, 1999	6
Figure 2. Employment by Occupation	7
Figure 3. Distribution of Jobs by Industry	8
Figure 4. Sierra Blanca Regional Airport and Surrounding Cities	12
Figure 5. Comprehensive Plan Future Land Use Concept.....	19
Figure 6. Commercial and Industrial Properties	20

Executive Summary

The Community Business Plan for the City of Ruidoso Downs sets out the City's goals for attracting capital investment to the City, while supporting the existing business community and the community's excellent quality of life.

The ideas in the Business Plan are consistent with the City's Comprehensive Plan, adopted in 2004, and the Local Economic Development Act, also adopted in 2004. The Local Economic Development Act created an Economic Development Board (EDB), which will serve as the official economic development organization. The EDB's vision and mission statements will guide its activities.

Mission: *"to promote, educate, motivate and build equality and a positive attitude in our community."*

Vision Statement

We will be determined to prevail. We are educated about our goals and how to accomplish them. We have established our identity at home and abroad.

We are moving forward with a positive attitude to promote our city as a great place to work, live and play together. We have successfully motivated our community.

We promote activities that bring visitors to our community who eat in our restaurants, stay in our hotels and shop in our stores.

We encourage participation from our local residents and strive to build a strong sense of community.

The Business Plan was developed through a series of public meetings with the EDB, and the mission statement, vision statement and an analysis of community strengths, weaknesses, opportunities and threats was developed through a public process.

Ruidoso Downs' local economy is heavily oriented to the tourist industry and retail trade. The City is a retail center for the immediate area, with a variety of convenience retail stores and services available to the region's residents and visitors.

Advantages as a business location include its mountain setting, rural atmosphere, a variety of existing tourist attractions and cultural and educational offerings. Supportive public policies have encouraged business development in the community. The trade area population, including residents and visitors, is sufficient to support a variety of businesses. It's labor force is young and well educated. Highway access along U.S. 70 and the proximity of Sierra Blanca Regional Airport make the area accessible. Telecommunications infrastructure is in place. The cost of living in Ruidoso Downs is reasonable when compared to other resort communities.

The community's diversity, solid leadership, beautiful natural environment, climate, pool of talented workers, modern infrastructure and support services all provide a solid foundation for economic growth.

The Comprehensive Plan establishes five major goals for future economic development. These are as follows:

Goal 1: Diversify the local economy to broaden the City's tax base and create an economy that is resilient through national and regional economic cycles.

Goal 2: Increase the number of well-paying jobs in the community.

- Goal 3. Provide a well-educated and trained work force to meet the needs of existing and new businesses.
- Goal 4. Reinforce Ruidoso Downs as the regional center for shopping.
- Goal 5. Strengthen Ruidoso Downs as a tourist destination.

The business plan identifies strategies to help the community reach these goals. Development of the business plan and the City's efforts to become certified under the State Certified Communities Initiative are first steps in implementing economic development goals.

Targeted economic base industries that match the City's assets and will bring new wealth to the community are tourism and travel oriented services, specialized manufacturing, horse racing related businesses, professional services and transportation oriented services.

Other features of the business plan include an inventory of commercial and industrial sites and incentives and other resources available locally and within the state to support business success.

Introduction

This Community Business Plan for the City of Ruidoso Downs sets out the City's goals for attracting capital investment to the City, while supporting the existing business community and the community's excellent quality of life.

In 2004, the City adopted a Comprehensive Plan that identifies development goals for the community as well as the capital improvements and local actions required to meet these goals. The Comprehensive Plan contains an Economic Development element. The Economic Development element of the Comprehensive Plan addresses several aspects of the City's economy: income level of residents, jobs and employment, existing businesses, and tourism. It identified obstacles hindering the expansion of business activity in Ruidoso Downs and recommends business initiatives to meet the everyday needs of residents and to make the City a more attractive destination for visitors and for business growth. The Community Business Plan and the City's efforts to become a Certified Community are steps to meeting the economic development goals of the Comprehensive Plan.

The City adopted a Local Economic Development Act, which is contained in Appendix A, and established a local Economic Development Board (EDB) in March 2004 that will serve as the sole authority in all of Ruidoso Downs' economic development efforts. This organization is composed of volunteers and is designated to meet and negotiate with business prospects seeking to expand or locate in Ruidoso Downs. As the official economic development organization in Ruidoso Downs, the EDB is charged with business retention and expansion, recruitment, and marketing the community.

The EDB has adopted mission and vision statements to guide its economic development activities.

Mission: "to promote, educate, motivate and build equality and a positive attitude in our community."

Vision Statement

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We encourage participation from our local residents and strive to build a strong sense of community.

Public and Private Sector Input

The State of New Mexico requires that both the public and private sectors provide input into the business plan.

The community's mission statement, vision statement and SWOT analysis were developed through a public process conducted by Debbie Haines and sponsored by the Chamber of Commerce and City Council.

The City's Economic Development Board, which has primary responsibility for developing the plan, is made up of community leaders representing private sector businesses and local institutions, and City staff and elected officials have been heavily involved in the development of the plan.

Other Business Organizations

The Ruidoso Downs Chamber of Commerce incorporated in June 2003. The Chamber currently has about 50 members, most of which are businesses. The purpose of the organization is to promote the City as a place to live and do business and to improve the image of the City. This organization, as an organization representative of local businesses, will be instrumental in supporting the efforts of the EDB and in supporting implementation of the Community Business Plan.

Community Description

Ruidoso Downs is located in central New Mexico in southern Lincoln County. The City is surrounded by the scenic Lincoln National Forest. U.S. 70 extends through the City.

The area surrounding Ruidoso Downs has long been the favorite recreation end-destination in New Mexico's spectacular Sacramento Mountains. From the All-American Futurity (America's richest quarter horse race) to the Billy the Kid National Scenic Byway to the rich heritage described in the nationally acclaimed Hubbard Museum of the American West to the two million acre Lincoln National Forest, the region has a diverse array of recreational activities for the thousands of visitors who visit the area every year.



The 500,000 acre Mescalero Apache Reservation is close by, offering the Inn of the Mountain Gods Resort and Casino and Ski Apache ski area.

Its proximity to the border between the United States and Mexico has made the region a popular recreation and retail trade area for thousands of Mexican residents. The attraction of the area for residents of both countries is likely to grow under the North American Free Trade Agreement and with the improved transportation access provided by U.S. 70.

In addition, U.S. 70 provides easy access for visitors from West Texas and Oklahoma. During the racing season, May to September, Ruidoso Downs sees a huge influx of horse owners, trainers, and racing fans from Texas, Oklahoma and California.



Ruidoso Downs has aggressively set out to improve its basic infrastructure to support the growth of the community. The City has master plans in place for its municipal utility systems, and has been successful in securing funds to implement these plans. In addition to seeking funds to expand its water supply and facilities, the community has implemented a water conservation program to ensure that water is available to meet future community needs.

Existing Economic Conditions

The local economy helps determine growth in a community, the prosperity of its residents, and the resources available to the City government to implement improvements in the community.

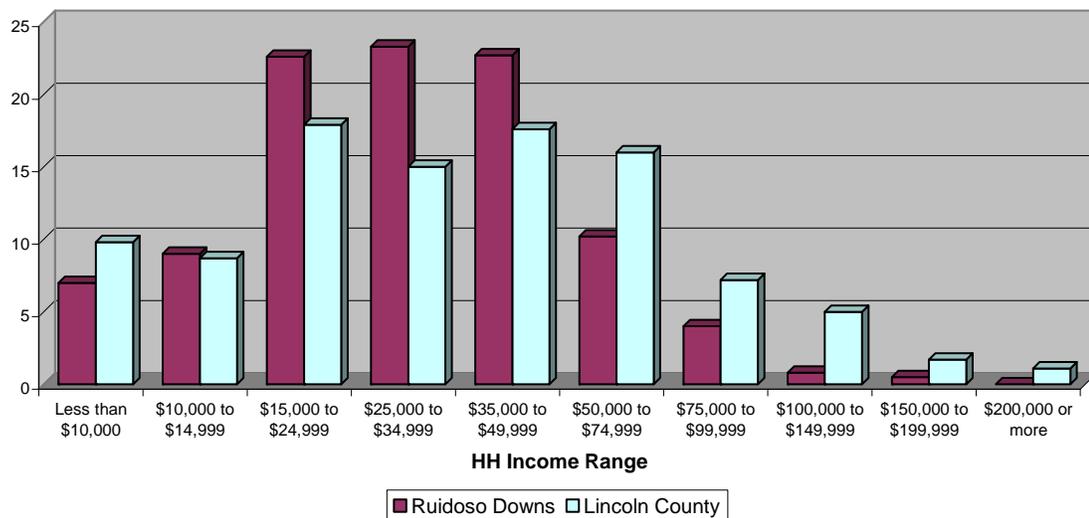
The Economic Development element of the Comprehensive Plan addresses several aspects of the City's economy: income levels of residents; jobs and employment, the inventory of existing businesses, and tourism. It identifies obstacles hindering the expansion of business activity in the community. It also recommends business development initiatives to meet the everyday needs of residents and to make the city a more attractive destination for visitors.

Income

On average, household incomes in Ruidoso Downs are lower than in the state. The median household income in Ruidoso Downs was \$29,375 in 1999. This is 86 percent of the state median of \$34,133. As shown in Figure 1, a larger percentage of households fall into the \$15,000 to \$40,000 income ranges in Ruidoso Downs than in Lincoln County.

The median family income in Ruidoso Downs was \$30,500 or 77.4 percent of the State median family income of \$39,425. Per capita income in Ruidoso Downs was \$12,144 compared with \$17,261 for the State.

Figure 1. Household Income Distribution, 1999



Poverty

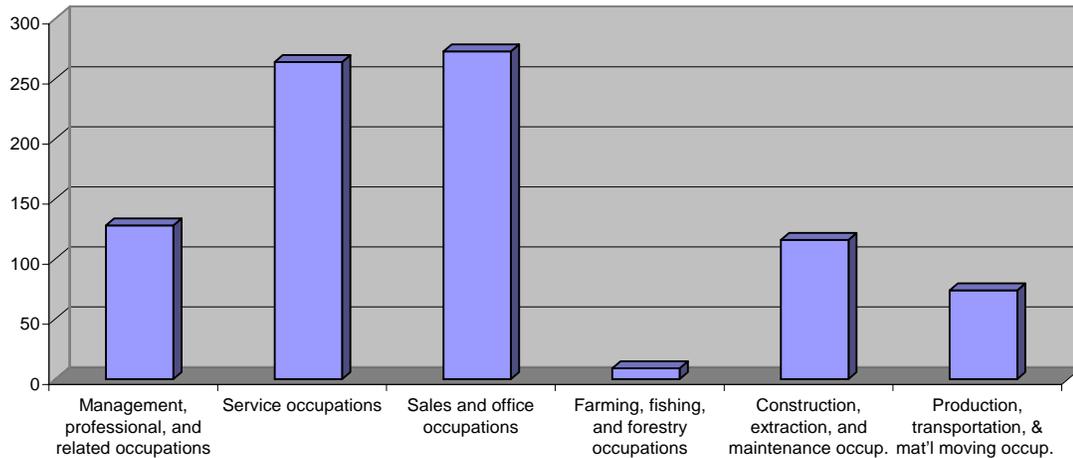
Over 20 percent of individuals and 17.4 percent of households in Ruidoso Downs had incomes below the federal poverty level in 1999. Statewide, the figures were slightly lower at 18.4 percent and 14.5 percent, respectively. (The poverty level income thresholds established by the federal government in 2000 were \$8,794 for an individual and \$17,463 for a family of four).

Employment

In 2000 there were approximately 892 residents in the labor force or 64.4 percent of the population 16 years and older. This figure is slightly higher than the statewide rate of 60.1 percent. Of those employed, more than 31 percent were in sales or office occupations, as shown in Figure 2. Some 30 percent were employed in service occupations, and almost 15 percent in management, professional, and related occupations. Construction, extraction, and maintenance

occupations accounted for 13 percent, and a little more than 8 percent of residents were employed in production, transportation, and material-moving occupations. Statewide, the largest occupational category was management, professional and related occupations, at 34.0 percent, while a substantially lower percentage of workers – 17.0 percent – were in service occupations.

Figure 2. Employment by Occupation

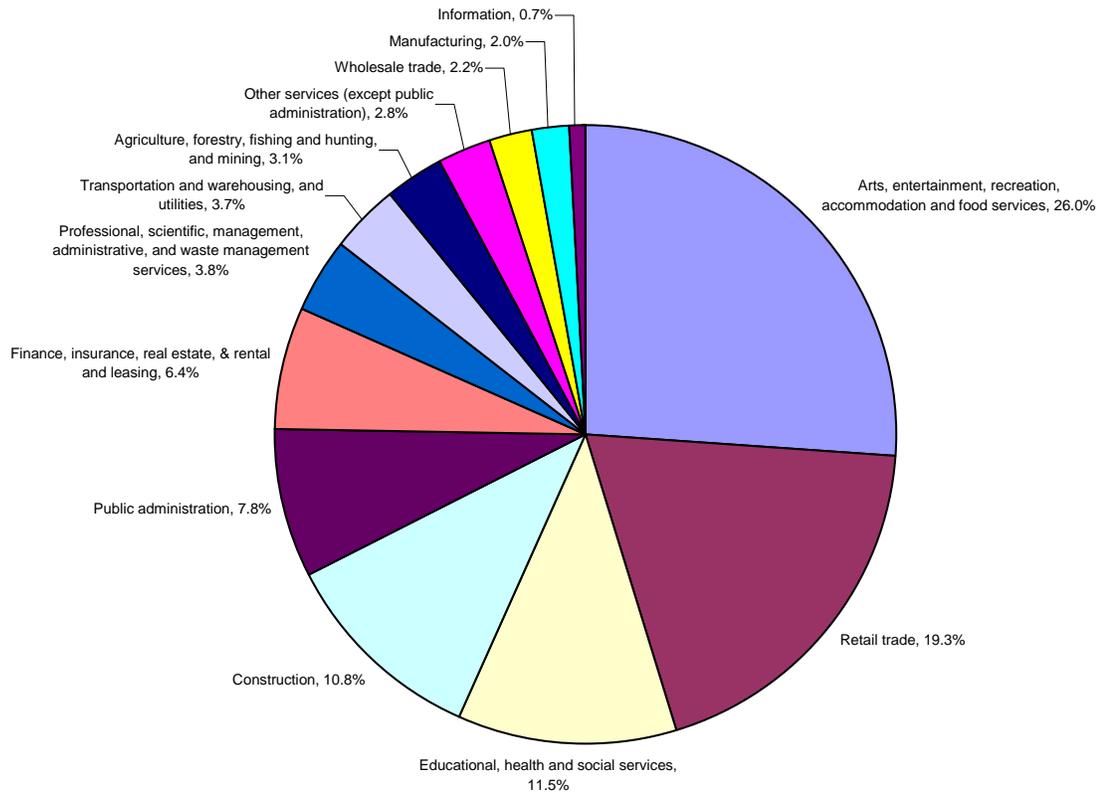


Private businesses employed the largest proportion (72.2 percent) of people earning wages and salaries in Ruidoso Downs. An additional 15.5 percent were government workers and 11.7 percent were self-employed. Statewide, a relatively smaller percentage of workers were privately or self-employed (68.5 percent and 8.4 percent, respectively) and a larger percentage – 22.7 percent – were employed in government.

Jobs by Industry

The local economy is heavily oriented to the tourist industry and retail trade. Arts, entertainment, recreation, accommodations, and food services industries accounted for 26 percent of all jobs in Ruidoso Downs, compared with just 9.8 percent statewide. Retail trade jobs also made up a comparatively large proportion of the job pool, 19.3 percent versus 12.2 percent for the State as a whole. In contrast, only 11.5 percent of workers were employed in educational, health, and social services, whereas the statewide figure was 21.7 percent. The distribution of jobs by industry is shown in Figure 3.

Figure 3. Distribution of Jobs by Industry



Major Employers

The following businesses are the major employers (defined as having 25 or more employees) for the City of Ruidoso Downs:

- Federal Government
- Hubbard Museum of the American West
- Lincoln Transportation, Inc.
- Ruidoso Downs Racetrack and Billy the Kid Casino
- Wal-Mart Super Center
- City of Ruidoso Downs
- Zia Natural Gas Company

Businesses

Ruidoso Downs is a retail center for the immediate area, with a variety of convenience retail stores and services available for residents of the region. Most of the businesses in the City are independently owned. National chain businesses include Wal-Mart, Sears, Denny's, Big O Tires, and several hotels. Ruidoso Downs's businesses include the following types:

Convenience Commercial Businesses

Ruidoso Downs is home to the region's Wal-Mart Superstore and provides additional shopping through a convenience store and two branch banks. The community also has retail stores that offer higher-priced goods such as clothing, housewares, and home electronics. These include a Sears, two furniture stores, and a television and appliance store. The number of convenience commercial businesses and "shoppers' goods" businesses is relatively small, but this situation is counter-balanced by the presence of the Wal-Mart superstore, which sells a wide variety of goods.



Auto-oriented Businesses

Because of its location on the region's major transportation corridor, Ruidoso Downs has a number of auto-oriented businesses, including five auto repair shops, a new car dealership, two used-car dealerships, a tire store, and an auto parts store.

Tourist-oriented Businesses

Tourism is a major component of the local economy and supports businesses such as the Ruidoso Downs Racetrack and Casino, the City's five motels, five restaurants, five RV parks and arts and crafts stores. A sportswear store, taxidermy shop, riding stable, gift shop, pottery studio and gallery, two antique stores, and other small specialty retail businesses serve visitors as well as local residents.

Miscellaneous Retail Businesses

Other retail businesses that serve local residents and businesses include a lumber yard, two manufactured home dealers, propane gas equipment and supplies and a sign shop

Personal and Business Services

The City is home to a variety of personal and business services, including child care, accounting and tax preparation service, an attorney, two real estate offices, appliance repair, septic tank service, taxi service, large animal veterinarian, a backhoe service and a chimney sweeping service.

Industrial Enterprises

Ruidoso Downs is not an industrial community, but it does have existing heavy commercial and industrial businesses, including a cement plant and sand and gravel operation (B&B Ready Mix), Sierra Compacting and Composting, a transportation company and Lincoln County Solid Waste Authority Recycling Center. These businesses take advantage of the City's location on U.S. 70.

Competitive Advantages

Ruidoso Downs has a number of competitive advantages for businesses, ranging from its tourism, transportation and labor forces assets to amenities for its residents.

Location

Ruidoso Downs' location provides advantages for tourism, recreation oriented businesses, and businesses serving Mexico and the southwestern United States. Its mountain setting, rural atmosphere and broad cultural and educational offerings provide a high quality of life for its residents.

Supportive Public Policies

Ruidoso Downs as a community supports business growth and development within the municipal boundaries of the City. The City has taken aggressive steps to provide the infrastructure that is needed for business growth and has a record of enabling businesses to start up and expand in the community through favorable public policies.

Population

Ruidoso Downs had a 2000 population of 1,824, with a total population in Lincoln County of 19,411 and an additional approximately 6,000 residents within a market area that includes part of northern Otero County. Ruidoso Downs doubled in size from 1990 to 2000 (with annexations and new development) and is poised for another record-setting decade of growth.

Ruidoso Downs' population is relatively younger than the county population. The median age of residents in 2000 was 35.2.

Labor Force

Ruidoso Downs' population, along with the regional population, offers a young, educated workforce. Of the population 16 years and over, 64 percent are in the labor force, and of those, 2.9 percent are unemployed. The Lincoln County labor force is 8,851 workers. In Lincoln County, the unemployment rate reported by the State Department of Labor for October 2004 is 3.8 percent.¹

Workers in Ruidoso Downs are employed primarily in service and sales/office occupations. Lincoln County as a whole has a higher percentage of management and professional workers; however, the local economy is heavily influenced by service employment related to tourism.

¹ State of New Mexico Department of Labor, New Mexico Labor Force Estimates, December 2004.

Average weekly wages in Lincoln County are 75% of the statewide average, which is a primary motivation for attracting higher paying jobs to the County. In Lincoln County, 1,327 jobs (which are 24 percent of all private sector jobs in the County and 20 percent of all jobs) fall into the Arts, Entertainment and Recreation and Accommodation and Food Services categories. Although wages in these industries are higher in Lincoln County than the state average wages for these industries, these categories of employment rank 81 and 83 out of 83 industry classifications. The EDB's goal to diversify the economy is intended to create additional employment opportunities for residents.

Educational Attainment

Seventy-four percent of Ruidoso Downs residents have completed high school or have some college education.

The Eastern New Mexico University (ENMU) Ruidoso Off-Campus Instruction Center provides an opportunity for residents to obtain post-secondary education. ENMU Ruidoso offers a program of first and second year college education, two-year technical/vocational programs, programs that lead to Associate degrees and one- or two-year certificates, and non-credit courses for lifelong learning. Programs are offered in the Liberal Arts and Sciences and the professions as well as in regional technical/vocational opportunities and for personal development.

ENMU has applied for, and is expected to receive, branch campus status. Branch campus status will make the Ruidoso Instruction Center eligible for specialized federal funding and increased state operational funding for academic programs and the student support services essential to students' success.

Aside from the economic development opportunities dealing with customized training which needs to be "localized" to the community, there exist vocational-technical programs which would be impractical to import to Ruidoso, e.g. automotive repair and welding certification.

Transportation

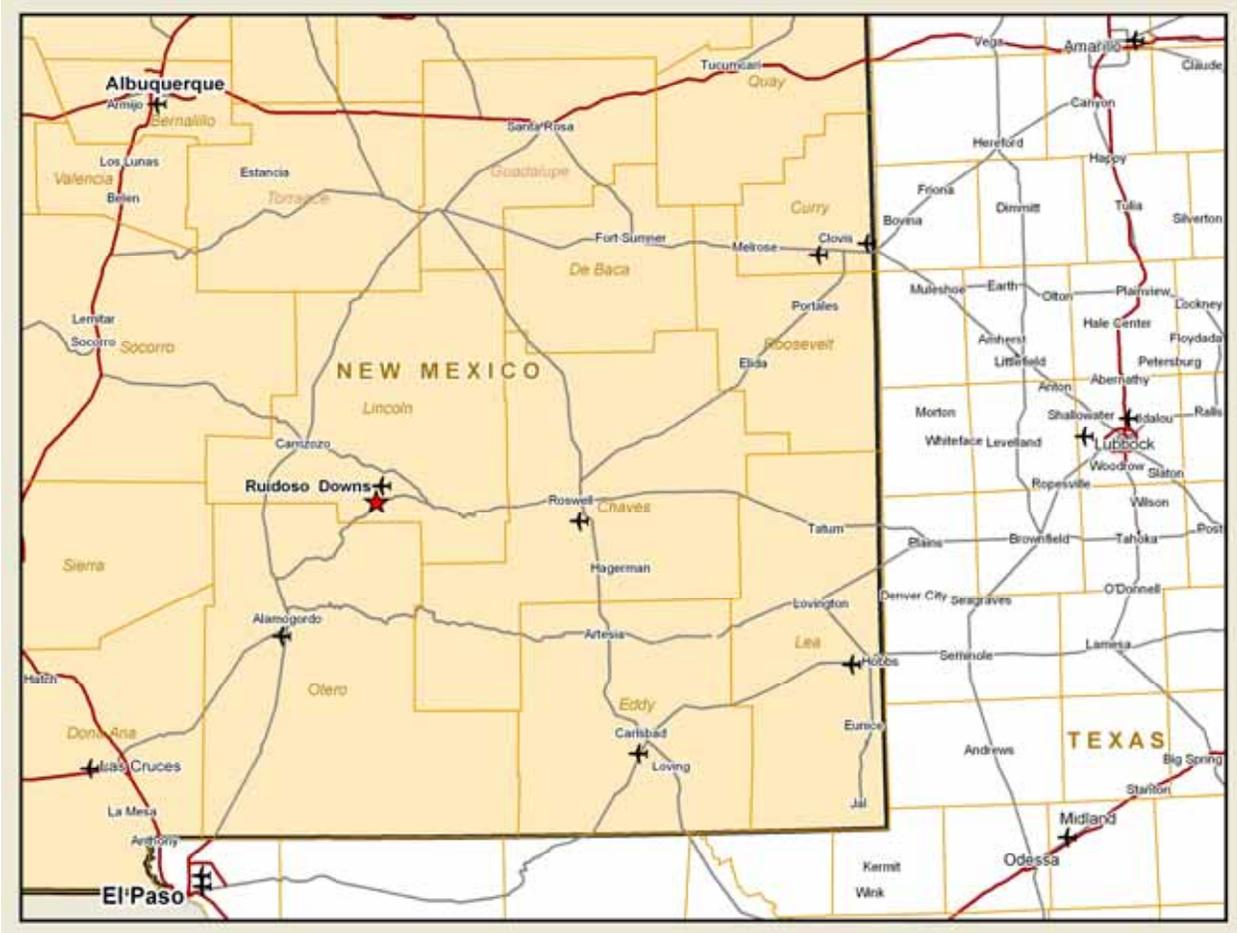
Highway. U.S. 70 is a four-lane highway connecting I-10 near Las Cruces to I-40 near Amarillo. It provides the shortest route to the northeast from Ciudad Juarez and El Paso, Texas. Projections prepared by the New Mexico Department of Transportation estimate that the flow of traffic along U.S. 70 will increase to 5,590 to 9,300 vehicles/day within the next two decades.

Traffic is a mix of tourist traffic, interstate truck traffic, and local traffic. Travel by tourists, especially on weekends, is a major contributor, as US 70 is a primary route used to access the many recreational amenities in the region.

Truck traffic is also heavy through the Hondo Valley. Commercial trucks account for approximately 19% to 31% of the total traffic. Because of its southerly route across the southwest, US 70 is expected to remain an important truck route. In addition to commercial trucks, military trucks and other vehicles traveling between Holloman Air Force Base in Alamogordo and Cannon Air Force Base in Clovis occasionally use US 70 to transport vehicles, equipment, and troops between the two military installations.

Air. Sierra Blanca Regional Airport, located about 15 miles from Ruidoso, serves Ruidoso Downs, Ruidoso and Lincoln County and is owned by Village Of Ruidoso. The paved runway extends for 8,101 feet. The facility is at an elevation of 6,811 feet. Regional air service is actively being pursued at this time. Figure 4 shows the location of Sierra Blanca Regional Airport and proximity to surrounding major airports.

Figure 4. Sierra Blanca Regional Airport and Surrounding Cities



Telecommunications

Cable and DSL services are readily available throughout the City.

Cost of Living

Ruidoso Downs has a reasonable cost of living relative to Ruidoso, Taos, Angel Fire and other mountain resort communities in New Mexico.

Tourist Attractions

The Ruidoso Downs Racetrack opened in 1946 and is home to the All-American Futurity, the most prestigious and richest quarter horse race in the world. Live horse racing takes place from May to September. The racetrack also offers live concerts.



There are also opportunities for gambling at the Billy the Kid Casino, which is located to the east of the racetrack. With over 15,000 square feet, the casino offers visitors an off-track betting facility, over three hundred slot machines, two restaurants, one deli, and several small shops.

Billy the Kid National Scenic Byway Visitor Center is located in Ruidoso Downs. This facility commemorates the history of Billy the Kid in the region and provides a focal point for more than 130,000 visitors on the Billy the Kid National Scenic Byway.



Located next to the Visitor Center is the Hubbard Museum of the American West, rated one of the top ten best small specialty museums in the U.S. The museum has a large collection of equine, cowboy and Native American art and artifacts. Outside this museum is the world's largest horse sculpture, "Free Spirits at Noisy Water" by Dave McGary a Ruidoso artist. The museum houses the Anne C. Stradling Museum of the Horse as well as the Race Horse Hall of Fame in addition to operating the Lincoln County Cowboy Symposium.



Other nearby recreational amenities include the Lincoln National Forest, the Spencer Theater for the Performing Arts, the Links at Sierra Blanca 18-hole championship golf course, and the complex of recreational activities on the Mescalero Apache Reservation, including Ski Apache, Mescalero Apache Cultural Center, Casino Apache, and Inn of the Mountain Gods resort and golf course.

Other regional attractions include:

- Historic Old Lincoln
- Malpais/Valley of Fire State Park
- White Sands National Monument
- White Oaks Ghost Town
- The Peter Hurd Gallery

Community SWOT Analysis

In November 2003, the Ruidoso Downs Chamber of Commerce and City Council developed a mission and vision statement for the City and conducted an analysis of the City's strengths, weaknesses, opportunities and threats (SWOT) related to accomplishing the mission.

During the visioning process, the participants listed the things that "we want more of . . ."

- More money for the community and its citizens
- Strong economic development
- Affordable housing
- Strong, direct leadership
- A better quality of life

The SWOT analysis identified the positive aspects of the community as well as factors that can hamper progress toward the vision.

Strengths and weaknesses are internal factors. For example, strengths could be your access to transportation or an attractive environment. A weakness could be a lack of adequate water or sewer capacity to support business growth in some areas of the City.

Opportunities and threats are external factors. For example, opportunities may be changing demographic patterns nationally that favor small towns or communities in the southwest. Threats could be industry changes that make competitive communities relatively more attractive.

Strengths

A community's strengths are the foundation of economic growth. Every community has strengths that give it a comparative advantage in attracting businesses. In some cases this is obvious – for example, established dominance in a specific industry. In other cases, strength is a matter of perspective. For instance, a very small community may be able to offer an excellent quality of life. It is important to note that towns that may appear to be at a disadvantage also have strengths. The business plan identifies how the community can capitalize on its strengths.

Ruidoso Downs' strengths include:

- Diversity
- Good leadership
- Good communication
- Beautiful natural environment
- Pleasant climate, rural setting and accessibility
- A pool of talented workers
- Safe place to live
- Modern infrastructure
- A retiree population and vital senior recreation program

Weaknesses

Weaknesses indicate areas to improve on to make the community a more desirable business location. Every community has weaknesses, even communities that have a very strong business climate. How badly these weaknesses will affect the growth of the local economy and steps to eliminate them are discussed in the business plan

Weaknesses identified during the SWOT analysis are:

- Working to survive
- Competition for funding dollars
- A low unemployment rate
- A small trained labor pool
- Perception of the community from within and without is not as positive as it should be
- Small town attitudes
- Lack of available housing

Opportunities

Opportunities are events and trends that are happening outside of the City's control and make Ruidoso Downs a more attractive location for businesses. National trends and changes in State or Federal regulations are examples of external forces that create opportunities. As part of its economic development strategy, the City of Ruidoso Downs can capitalize on these opportunities to improve the local economy.

Opportunities are:

- Size, personable community, good quality of life
- Friendly, neighborly, courteous people
- Low crime rate
- Property is available for expansion
- Education is available through ENMU
- Infrastructure is available and being aggressively upgraded
- Adjacent available workforce
- Major four-lane highway – access to US 70, which is a major NAFTA route
- Major trade corridor
- Less restrictive zoning than competitive communities
- Proximity to outdoor recreation – skiing, hiking, camping, racetrack, museums, festivals, horseback riding
- River access for recreation

Threats

Threats are external forces that could make it more difficult for Ruidoso Downs to accomplish its vision as a great place for business.

Threats to economic growth that are outside the control of the community are:

- Lack of water/rain, which could negatively impact skiing, water available for industry
- Competition from Mescalero Casino and Hobbs casino/racetrack
- People leaving for higher paying jobs
- Drug and alcohol abuse
- Traffic congestion

Goals, Objectives and Strategies

Economic Development goals and objectives were established in the City's Comprehensive Plan. These goals and objectives are as follows:

Goal 1: Diversify the local economy to broaden the City's tax base and create an economy that is resilient through national and regional economic cycles.

Objective 1. Support the development of infrastructure, educational resources, and small business services to attract and retain a diverse range of businesses to Ruidoso Downs.

Strategy 1. Support public infrastructure improvements that are needed to accommodate the community's future growth.

Strategy 2. Work with telecommunications service providers to ensure state-of-the-art telecommunications infrastructure to the community.

Strategy 3. Improve the City's web site so that information about Ruidoso Down's assets is easily available to site locators

Strategy 4. Position the local business community to take advantage of Ruidoso Downs' location on U.S. 70, a major trade corridor between Mexico and points east.

Goal 2: Increase the number of well-paying jobs in the community.

Objective 1. Support the expansion of existing businesses and the development of new businesses.

Strategy 1. Promote the development of area businesses and attractions that will take advantage of increased tourist and commercial truck traffic on US 70.

Strategy 2. Clarify local ordinances affecting economic development in order to improve and streamline the processes that businesses and developers must undertake to obtain government approvals.

Strategy 3. Through the Economic Development Board provide information regarding small business assistance programs to local entrepreneurs.

Objective 2. Attract light industry to the community.

Strategy 1. Provide suitable locations in the City for industry with appropriate zoning, access, and infrastructure.

Strategy 2. Support the development of a light industrial park.

Strategy 3. Develop marketing materials designed to attract light-industrial businesses to the City. These materials should include the following information:

- General demographic information for the area, including historical and projected population growth and visitor information*
- Inventory of area businesses*
- Inventory of available commercial land*
- Information on available infrastructure, access and zoning*

Strategy 4. Seek certification by the New Mexico Economic Development Department under the Certified Communities Initiative (CCI).

Strategy 5. Through the Economic Development Board, maintain an understanding of rural economic development programs that can be used to assist existing businesses and attract businesses to Ruidoso Downs.

Objective 3. Support the development of a professional office park to attract professional service providers to the community.

Objective 4. Maintain and foster relationships with adjacent communities, Lincoln County and the Mescalero Apache Tribe.

Strategy 1. Participate in regional economic development activities and promotion of the region for business development.

Goal 3. Provide a well-educated and trained work force to meet the needs of existing and new businesses.

Objective 1. Develop workforce training to meet the needs of area businesses.

Strategy 1. Through the Economic Development Board, support interaction between educational resources and area businesses.

Goal 4. Reinforce Ruidoso Downs as the regional center for shopping.

Objective 1. Attract additional commercial businesses to the city.

Strategy 1. Provide suitable locations in the City for larger commercial businesses and shopping centers.

Strategy 2. Develop marketing materials designed to attract larger commercial businesses to the City. These materials should include the following information:

- General demographic information for the region, including historical and projected population growth
- Inventory of area businesses
- Inventory of available commercial land and buildings
- Estimate of consumer expenditure potential for the area

Goal 5. Strengthen Ruidoso Downs as a tourist destination.

Objective 1. Attract additional tourist-oriented businesses to the city.

Strategy 1. Develop marketing materials designed to attract tourist-oriented businesses to the City. These materials should include the following information:

- General demographic information for the area, including historical and projected population growth
- Inventory of area tourist businesses and attractions
- Estimates of annual visitors to the area and visitor expenditures. A visitor survey for the regional could supplement existing information, providing details on length of stay, purpose and frequency of visits, expenditures, attractions visited and perceptions.

Objective 2. Through the Economic Development Board, coordinate with private developers to provide new venues that will attract visitors to Ruidoso Downs.

Strategy 1. Identify suitable sites for new attractions and include these in marketing materials for site selectors.

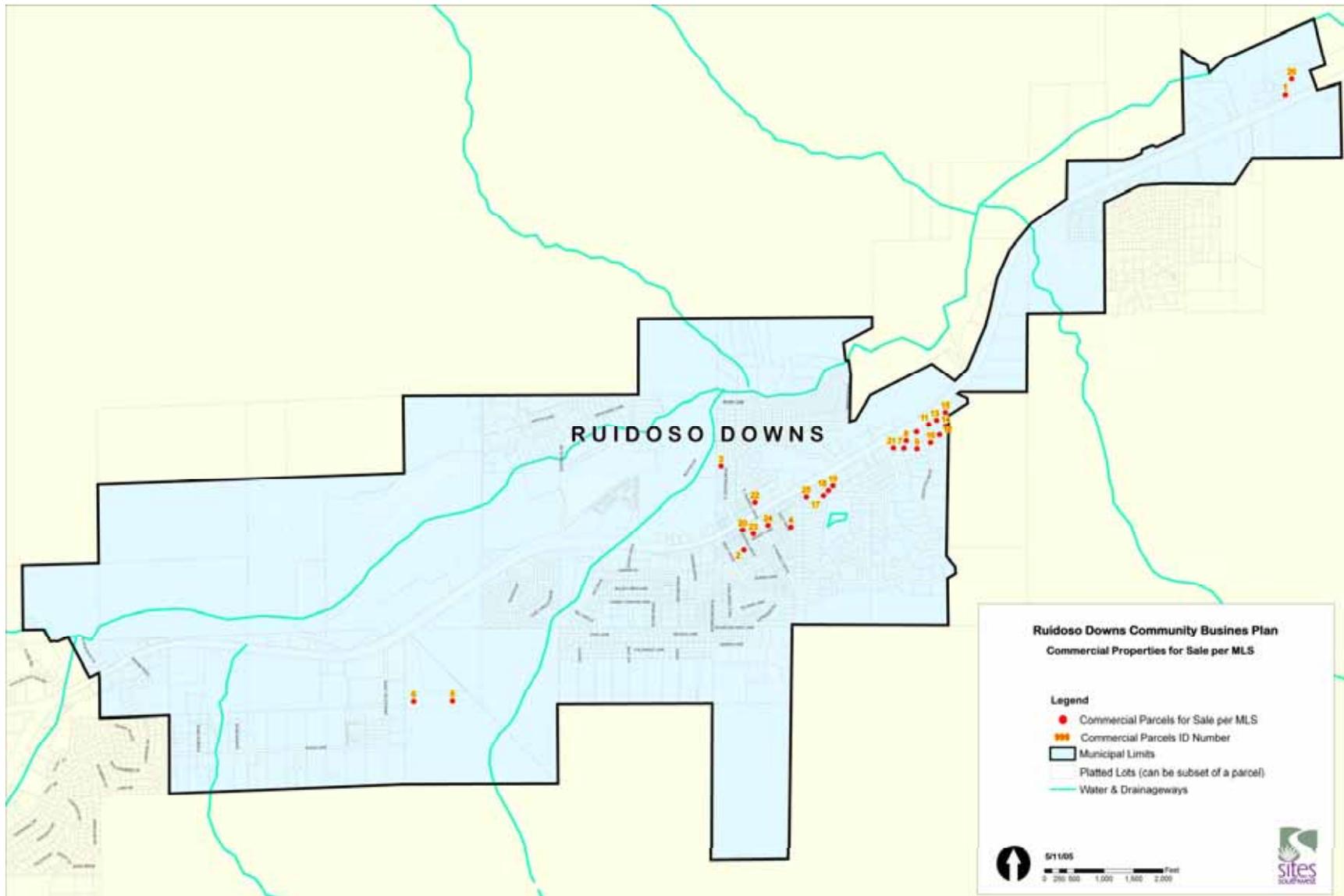
Objective 3. Reinforce the identity of Ruidoso Downs as an independent community within the region.

Strategy 1. Develop marketing materials that highlight the unique attributes and attractions of Ruidoso Downs.

Objective 4. Increase access to tourist attractions within the City.

Strategy 1. Adopt an agenda to promote access to the National Forest and the river.

Figure 6. Commercial and Industrial Properties



Industry Targets

Ruidoso Downs’ strengths and opportunities related to location, access, available sites and existing economy lend themselves to a variety of industry types. Industry targets are economic base industries which will export the majority of their product outside of the region or serve visitors from outside the region, bringing new wealth into the community. A goal of the EDB is to focus on those industries that pay above average wages and have location and site needs that match well with Ruidoso Downs’ assets and industrial land inventory.

The EDB has identified the following specific economic base industries that the community would like to recruit, expand, or start over the next two years. These include tourism and travel oriented services, specialized recreational equipment manufacturing, horse racing, professional services and transportation facilities.

Tourism and Travel Oriented Services

The region is an established tourist destination and US 70 brings travelers to and through the community. Potential related businesses in this industry include:

- Hotel/motel
- Travel services
- Restaurants
- Events
- Arts/entertainment
- Youth/elder hostel

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Location on U.S. 70 ▪ Strong existing tourism industry and support services ▪ Skilled workforce 	<ul style="list-style-type: none"> ▪ Large existing supply presents competition to new businesses ▪ Low wages
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Improvements to US 70 ▪ Strong economy – Mexico or US 	<ul style="list-style-type: none"> ▪ Economic downturn – Mexico or US ▪ Weather – prolonged drought

Specialized manufacturing/supply/sales

Ruidoso’s location and accessibility can support manufacturing, including specialized products that are related to activities that are already present in the region. Potential products include:

- Mountain bikes/ATV’s
- Sporting Goods
- MFD Home Construction
- Custom motorcycles
- Medical equipment
- Recycled material products

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Proximity to Ski Apache, Ruidoso ▪ Proximity to Lincoln National Forest ▪ Skilled workforce ▪ Access to US 70 ▪ Air access ▪ Proximity to Texas and Mexico markets 	<ul style="list-style-type: none"> ▪ Variable snow for testing winter equipment
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Increased travel on US 70 ▪ Increasing manufactured home sales nationwide ▪ Baby boomers ▪ Availability of recyclable materials in southeastern New Mexico 	<ul style="list-style-type: none"> ▪ Increasing fuel prices ▪ Real estate downturn ▪ State and Federal regulations

Horse Racing

The presence of Ruidoso Downs racetrack has brought a variety of specialized services to the community that could support related business year-round. Industry targets include:

- Horse training and other related industries and services

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Proximity to Ruidoso Downs racetrack ▪ Existing horse facilities ▪ Skilled workforce ▪ Strong core of veterinary services ▪ Pool of professional jockeys and horse trainers 	<ul style="list-style-type: none"> ▪ Downs track needs upgrading
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Increased visits to the Downs 	<ul style="list-style-type: none"> ▪ Competition from others, including Zia Park

Professional Services

The region's growing population can support a variety of professional services. Ruidoso Downs is a logical location for these services because its accessibility and potential for affordable office space. Professional services that are targeted include:

- Medical
- Legal
- Financial
- Internet, web
- Graphic design

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Trade area of 25,000 people ▪ Access to US 70 ▪ Affordable office space 	<ul style="list-style-type: none"> ▪ Offices/studios not built yet
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Growing population means more professionals moving into the area 	<ul style="list-style-type: none"> ▪ Competition in nearby communities

Transportation

U.S. 70 is a major corridor for truck traffic carrying freight. Transportation oriented businesses would capitalize on the market in the region for facilities and services that serve truckers.

- Truck stop/hotel/gambling complex
- Warehouse/depot

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Access to US 70, heavily traveled truck route ▪ Existing tourist market ▪ Existing casino and racetrack 	<ul style="list-style-type: none"> ▪ Land ownership and availability of vacant land may make development of a connected complex difficult
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Increasing trade resulting from NAFTA ▪ Increasing regional tourism 	<ul style="list-style-type: none"> ▪ Competition from nearby truck stops ▪ Competition from nearby casino and Zia Park

Resources for Business Development

Workforce Training

Eastern New Mexico University, Ruidoso Instruction Center

The Ruidoso Center Community Education Program is designed for people who are not interested in formal credit programs of study. The program strives "to make inexpensive, high quality educational services available at convenient times for the residents of the Ruidoso School District and the surrounding area of Lincoln and northern Otero Counties."

Programs are also designed to be of interest to visitors of the Ruidoso area and Senior Citizens of Lincoln County. The program is oriented toward lifelong learning and the fulfillment of the individual.

Eastern New Mexico University Ruidoso Instruction Center 709 Mechem Drive Ruidoso, NM 88345 Phone - 505-257-2120 Fax - 505-257-9409
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The Ruidoso Center serves the special training needs of business and industry in the college's service area. The Center Office can help develop a program of instruction tailored to meet needs that are not met by the regular class schedule. ENMU-Ruidoso can design a specialized, low-cost, quality training course or program that meets the specific requirements and work schedule of an organization. Courses can be developed and implemented in a short period of time. The ability to create a custom course or program yields benefits to businesses in tuition costs and outcomes.

Starting dates and class times are determined by an organization's needs rather than the standard college semesters. Employees benefit from small, individualized classes where all students share the same objectives. Courses could be as short as ½ day or as long as required to meet the course objectives. Classes can be offered on-campus or provided on site.

Our goal is to help employers train their employees in acquiring new skills, enhancing existing skills, and providing for personal and professional advancement. In many cases, state funds are available to pay for employee training.

Examples of specialized training topics that have been offered at the Ruidoso Center include Alcohol Beverage Server, Health and Medical Updates, Business Planning & Expansion, Improving Customer Service, Business Writing, Improving Supervisory Skills, Computer Keyboarding & Software Training, Marketing Your Local Business, Developing an Internet Business, Notary Public Training, E-Mail and Web Promotion, On-Line Training, Environmental & OSHA, Technology Tools for the 21st Century, Grant Writing, Workplace Spanish, and HazMat Procedures.

Branch campus status will increase the ability of ENMU-Ruidoso to service local businesses. As a branch campus, ENMU-Ruidoso will be able to provide new opportunities that can be realized only through the presence of a full-service two year college.

Business Incentives

The State of New Mexico offers a wide range of business incentives to enhance the success of businesses expanding or locating in New Mexico communities. The State provides support for businesses locating and expanding in New Mexico communities. In addition, state enabling legislation allows the City to support business growth through a range of incentives including industrial revenue bonds, local tax credits, and others.

A complete list of incentives is contained in Appendix C. Incentives are grouped into the following categories:

- Tax Incentives
- Education and Training
- Investment and Financing Assistance
- Community Development Resources
- Support of Quality Certification

Appendix A. Local Economic Development Act (Ordinance #2004-01 passed March 25, 2004)

WHEREAS, Economic Development is a necessary component for a growing municipality; and

WHEREAS, the creation of additional and higher paying jobs is of high importance to this administration and governing body for the improvement of the quality of life for Ruidoso Downs Citizens; and

WHEREAS, additional business in the City helps add to, stabilize, and diversify the City's revenues; and

WHEREAS, the State of New Mexico's Certified Communities Initiative Program lists six mandatory requirements for qualification including the establishment of an Economic Development Organization, Development of a Community Business Plan, Development of an annual land & business inventory, development of a retention/expansion program, the adoption of a local economic development ordinance (such as this one), and the completion of an annual NM Economic Development Department Community Profile; and

WHEREAS, it is vitally important to form a coalition composed of the Ruidoso Downs Chamber of Commerce, the Mayor and Governing Body, City Administration, and private citizens representing the economic and cultural diversity of our great City;

NOW, THEREFORE, BE IT ORDAINED that the governing board of the City of Ruidoso Downs hereby enacts the Local Economic Development Act and by doing so creates the Economic Development Board as described below.

Ordinance shall be codified in the Ruidoso Downs Code of Ordinances under Chapter 2 Boards and Commissions as follows.

Section 2-1-1:

B. Economic Development Board

ARTICLE 4

LOCAL ECONOMIC DEVELOPMENT ACT

2-4-1 General

2-4-2 Appointment

2-4-3 Organization

2-4-4 Duties

2-4-5 Fiscal Responsibilities

2-4-1 GENERAL

The City recognizes that Economic Development is a necessary component for a growing municipality. The creation of additional and higher paying jobs is of high importance to this

administration and governing body for the improvement of the quality of life for Ruidoso Downs Citizens. Additional business in the City helps add to, stabilize, and diversify the City's revenues. In consideration of the abovementioned facts, the City of Ruidoso Downs shall form an Economic Development Board (EDB). In forming this board, it is vitally important to form a coalition composed of the Ruidoso Downs Chamber of Commerce, the City Government, and private citizens representing the economic and cultural diversity of our great City.

2-4-2 APPOINTMENT

The Economic Development Board shall consist of eight (8) board members. Three (3) of these members shall have voting authority and be dedicated to and AUTOMATICALLY filled by persons in the following positions:

- A. The Mayor, or in his/her absence, a City Councilor designated by Mayor
- B. The President of the Ruidoso Downs Chamber of Commerce
- C. The Chairperson of the Ruidoso Downs Planning and Zoning Board
- D. The City Administrator

Four (4) shall be at-large, voting positions appointed from the citizenry of Ruidoso Downs by the mayor with Council confirmation. These confirmed appointments shall serve terms of two years, with any subsequent renewals for additional two-year terms to coincide with the City Council Organizational Meeting held on the first Thursday following each General City Election. The mayor shall also fill vacancies with Council confirmation as they arise from time to time.

The City Administrator shall sit as the eighth, ex-officio (non-voting) member of this board, and shall serve in an advisory capacity.

2-4-3 ORGANIZATION

Every two years, on the first board meeting following the City Council, the Economic Development Board shall have an organizational meeting to elect officers. These officers shall consist of a Chairperson and a Vice-Chairperson. The chairperson shall be the point person for the board and shall provide the contact for all state agencies, and will report on a quarterly basis to the City Council during regularly scheduled City Council meetings. The Vice-Chairperson, shall serve in this capacity if the Chairperson is unavailable.

2-4-4 DUTIES

A. The EDB shall be the sole and official economic development organization charged with the representation of the City of Ruidoso Downs on all economic development efforts and is hereby designated to meet and negotiate with prospects. This board shall make any necessary recommendations to the planning and zoning board and or City Council.

B. Every two years the EDB shall Develop and Draft a two-year community business plan that will establish goals to attract capital investment and business relocation, while supporting existing businesses and improving the community's quality of life. The plan must include an analysis of the community's strengths, weaknesses, threats, and opportunities, specify targeted industries, specify resources for resource development, and identify any possible incentives to offer prospective businesses.

C. The EDB shall develop and publish of an annual land & business inventory available to prospects.

- D. The EDB shall develop a business retention/expansion program.
- E. The EDB shall complete an annual NM Economic Development Department Community Profile for submission to the state.
- F. The EDB shall present a semiannual report to the council on quarterly completed board activities.

2-4-5 FISCAL RESPONSIBILITIES

The City shall act as the fiscal agent for all normal and customary office-related supplies, personnel, and grants that the board may need or receive, provided it is used for the benefit of the City. In addition, a line item in the General Fund shall be established under the heading of “Economic Development” and such expenditures and revenues shall be budgeted by the City Administrator and approved by the City council prior to expenditure of funds. The City Administration shall provide secretarial services to transcribe, print, and distribute minutes associated with board meetings.

Appendix B. Commercial and Industrial Land Inventory

Appendix B. Commercial Properties Inventory

Map No.	Legal Description	Description	Size (ac.)	List Price	Utilities Available	Zoning	Comments	Listing Agency	Agent	Agent Phone	Email	Office Phone
1	Tract 2A w/in Section 15, T11S, R14E	Duds & Suds/Cimarron	0.90	\$618,000	Well, sewer	Rural	26 washers, 20 dryers, Priv. comm; rest rooms, Ofc & util room. Includes 10 Apts, 6000 sf. Monthly income approx 3600. Renters pay elec, nat gas, ph, cable	C21 Aspen Real Estate	Paxton, James D.	(505) 258-3005	homes@zianet.com	(505) 257-9057
2	Lots 11,12 Block 1 Palo Verde Slopes Subd.	Multi-family rental	0.30	\$235,000		R3		Rio Ruidoso Realtors	Power, Terri K.	(505) 336-1234		(505) 258-3888
3	Lots 1A, 1B, 2A Block 6 Riverside Addn. Unit 6	Multi-family rental	0.50	\$235,000		R3		Rio Ruidoso Realtors	Power, Terri K.	(505) 336-1234		(505) 258-3888
4	Lots 1,2,3,4 Block 4, Palo Verde Subd, Unit 4	Multi-family rental	0.45	\$250,000		R3	5 Units & House, Triplex, Trailer	Pine Mountain Realty	Herron, Gary	(505) 258-4509	pmr@zianet.com	(505) 257-4700
5	Tract 6 of John Hill Tracts	Vacant land	4.00	\$399,900	All City Utilities	C1	Beautiful 4+ acre tract next to Best Springs Inn, Very low, would make great RV location, Multi use possible, Owner financing	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
6	Tract 4 of John Hill Tracts	Vacant land	11.40	\$868,188	All City Utilities	C1	Across from Ruidoso Downs Racetrack behind old Prime Time Building. Adjacent to the Best Western Pine Springs Inn, Possible owner financing, Multi-use property	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
7	Lot 3, Agua Fria Estates	Vacant land	0.95	\$196,047		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
8	Lot 4, Agua Fria Estates	Vacant land	0.93	\$192,715		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
9	Lot 5, Agua Fria Estates	Vacant land	0.99	\$205,689		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
10	Lot 6, Agua Fria Estates	Vacant land	1.20	\$211,151		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
11	Lot 8, Agua Fria Estates	Vacant land	0.76	\$158,741		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
12	Lot 9, Agua Fria Estates	Vacant land	0.77	\$159,672		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
13	Lot 10, Agua Fria Estates	Vacant land	0.76	\$158,637		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
14	Lot 11, Agua Fria Estates	Vacant land	0.77	\$160,417		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
15	Lot 12, Agua Fria Estates	Vacant land	0.79	\$164,762		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
16	Lot 7, Agua Fria Estates	Vacant land	0.76	\$158,844		C1	Opportunity for new business relatively flat commercial lot on Hwy 70 past Fentons Gallery on right. Owner prefers to carry paper or provide terms	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
17	Lots 11&12, Block 2, Agua Fria Estates	Vacant land	0.27	\$42,100	Elec in street and water on back lot line, comm water; nat gas available	C1	Two commercial lots	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
18	Lots 13&14, Block 2, Agua Fria Estates	Vacant land	0.32	\$48,900	Elec in street and water on back lot line, comm water; nat gas available	C1	Two commercial lots	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
19	Lots 7, 8 & 15, Block 2, Agua Fria Estates	Vacant land	0.51	\$97,421	Elec in street and water on back lot line, comm water; nat gas available	C1	Three commercial lots	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
20	Lots 1 & 2, Block 2, Palo Verde	Office/retail	0.16	\$159,000	All City Utilities	C1	Super location on Hwy 70 East - Would make a real estate office, retail, gallery, furniture store. All remodeled with Apt in back. Poss owner financing w/30% down 8,5% 10 yr, very good location near race track.	Gene Copeland Real Estate	Copeland, Gene	(505) 808-0776	tody@valornet.com	(505) 258-1776

Appendix B. Commercial Properties Inventory

Map No.	Legal Description	Description	Size (ac.)	List Price	Utilities Available	Zoning	Comments	Listing Agency	Agent	Agent Phone	Email	Office Phone
21	Lot 1, Agua Fria Estates	Office/gallery	0.79	\$295,000		C1	Great location Hwy 70 East. Would make a great office, gallery, retail, woodworking, pottery shop, etc. multiple uses possible, owner financing	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
22	Tract 1, Block 2, Palo Verde, Unit 3	Storage Units	0.99	\$550,000		C1	Land, building, business; 100 self storage units with office. Sizes ranges from 5X5 to 25X28, 7 free standing structures. Elec available in larger units, 2 set up for offices.	Doug Siddens Real Estate	Siddens, Doug	(505) 937-3077	dougsiddens@yahoo.com	(505) 257-8516
23	Lots 13-18, Block 2 & Lots 16-18, Block 3, Palo Verde	Recycle Center	1.20	\$337,500		C1	Owners will not split lots; LCSWA has lease thru June in big metal Bldg., No one currently renting small house on lot, Mobile home park possible as cond. use.	C21 Aspen Real Estate	Scott Roser	(505) 258-3338	rosy@zianet.com	(505) 257-9057
24	Lots 13-18, Block 2 & Lots 16-18, Block 3, Palo Verde	Recycle Center	1.20	\$337,500		C1	Owners will not split lots; LCSWA has lease thru June in big metal Bldg., No one currently renting small house on lot, Mobile home park possible as cond. use.	C21 Aspen Real Estate	Scott Roser	(505) 258-3338	rosy@zianet.com	(505) 257-9057
25	Lots 4-9, Block 1, Agua Fria	Sierra Blanca Scooter	0.72	\$399,900		C1	Terrific commercial property on the corner of Hwy 70 & Griffith. Paved parking, 2 large bldgs, 3200 sf shop & 1800 sf office/shop. Room to expand with access to Parkway Street behind, Owner will consider dividing.	Assist 2 Sell	Lucas, Robert A.	(505) 257-0655	wesellruidoso@valornet.com	(505) 257-0655
26	Tracts 3A & 4A w/in Section 15, T11S, R14E	Conley's Nursery	6.10	\$1,600,000		C2	Retail garden center & commercial nursery with landscaping, Dept 2 Nexus Vail green houses 11,219 sf. State of the art computer controlled, includes all plant inventory, equip., & F&F, 1 mfd home, comm'l water rights. 5.2 af.	C21 Aspen Real Estate	Paxton, James D.	(505) 258-3005	homes@zianet.com	(505) 257-9057

Appendix C. Business Incentives and Resources in New Mexico

Introduction

New Mexico has a portfolio of incentives that has been developed to encourage the creation and expansion of high quality job opportunities across the state. Certain incentives target specific industry sectors, such as technology, or regions within the state. Others support businesses in training their workforce, in research, or purchasing capital equipment.

The most significant incentives New Mexico offers are:

1. **Training a Productive Workforce** - The \$18m Job Training Incentive Program (J-TIP), one of the nation's most aggressive, supports customized workforce training that can be classroom-based, on-the-job, or a combination of both. The program can fund assistance of up to 1,040 hours per trainee.
2. **Supporting Business Investment** - Communities are not only investing in 21st century infrastructure - transportation, advanced communications, plant - but are also able to issue Industrial Revenue Bonds to exempt companies from property taxes on land, equipment, buildings and equipment. In many cases the IRB is also used as a funding vehicle.
3. **Investing in the Future of New Mexico** - The Invest New Mexico program, instituted by Governor Richardson, has several components, of which the most significant are:
 - a. Private Equity Investments: The \$200m fund, part of the State Investment Council (SIC), was created to enable the state to use interest from its Permanent Fund to directly co-invest, like a private equity fund, into qualifying New Mexico companies. Application for investment will be online, and the fund managers will normally respond within 30 days.
 - b. BBB Bond Program: The SIC can invest up to \$20m in a bond or note (BBB and above) issued to create or expand a business in New Mexico.
 - c. Market Rate Real Estate Investments: If a financial institution agrees to maintain a significant share of an existing first mortgage, the SIC can become a participant in that mortgage.
4. **Strong Business Environment = Thriving Communities** - Many communities, especially those in the Certified Communities Initiative, have created economic development plans and ratified the Local Economic Development Act. This Act allows communities to raise money from their general fund or through the Gross Receipts Tax for incentives and to finance land, buildings and infrastructure. This is a powerful tool for both communities and prospective businesses, as it creates a growth-oriented, success-driven partnership
5. **Core Industries Attract Local and State Support** - To encourage specific industry sectors to locate in New Mexico, the state and communities have developed a series of credits and tax abatements to help companies grow. These programs support industries such as value-added food processing, technology and aviation, to ensure that New Mexico is an attractive location for growing, profitable, solid enterprises.
6. **Creating Opportunities in Rural New Mexico** - Employers receive a credit of 6.25% of the first \$16,000 in wages paid for each qualifying new employee, for up to four consecutive years, depending on the region. 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.

The following sections list incentives for various types of businesses that may apply to businesses expanding or locating in Ruidoso Downs.

Tax Incentives

Ag Production Tax Deductions and Exemptions

Gross receipts tax deductions are available for selling to agribusinesses (1) feed for livestock, including the baling wire or twine used to contain the feed, fish raised for human consumption, poultry or animals raised for hides or pelts and seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects, fungicides, weedicides and water for irrigation; and (2) warehousing, threshing, cleaning, harvesting, growing, cultivating or processing agricultural products including ginning cotton and testing and transporting milk. Gross receipts tax exemptions are permitted for feeding, pasturing, penning, handling or training livestock and, for agri-businesses, selling livestock, live poultry and unprocessed agricultural products, hides and pelts.

Rural Job Tax Credit

Eligible employers may earn the rural job tax credit for each qualifying job created after July 1, 2000, applying it to taxes due on the CRS return or to corporate or personal income tax. 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% of the first \$16,000 in wages paid for a qualifying 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.) The application deadline is June 30, 2006. 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.

For each new qualifying job created, the amount of credit that may be earned:

- Tier 1: 25% of the first \$16,000 in wages paid-to be claimed in installments of 6.25% per year (a maximum annual credit of \$1,000 per job) for 4 years
- Tier 2 - 12.5% of the first \$16,000 in wages paid-to be claimed in installments of 6.25% per year (a maximum annual credit of up to \$1,000 per job) for 2 years

An eligible employer may apply to the Taxation and Revenue Department for the credit. As part of the application, the business must certify its eligibility for the credit, the amount of wages eligible for credit and whether the jobs are in Tier 1 or Tier 2. If approved, a document will be issued in the amount of the credit. The document is numbered, carries its date of issuance, and is transferable. If transferred, the parties notify the Taxation Department of the transfer within ten days of transfer. The document remains valid for three years after its date of issuance. The owner of the tax credit document may offset the approved credit against state taxes owed on the CRS-1

form (state gross receipts tax, compensating tax and withholding tax) or against income tax (personal or corporate, depending on how the owner is organized). Not all of the credit earned, however, may be taken at once. If the job is in Tier 2, 50% of the credit may be taken within each qualifying period (the 12 months beginning on the anniversary date of the day an eligible employee filled a qualifying job). For Tier 1 jobs, only 25% of the credit may be taken within any qualifying period. Only jobs created within the period July 1, 2000 through June 30, 2005 are eligible. Employers have until June 30, 2006 to apply to the Tax Department for this credit.

Welfare-to-Work Tax Credit

The credit equals 50% of the federal welfare-to-work credit for which the employer is eligible, up to \$1,750 for the first year of employment and rising to \$2,500 for the second year. The state credit piggybacks on the federal credit of the same name and can be applied to New Mexico personal or corporate income tax.

For a person hired, employer receives from the state 50% of the credit earned for federal purposes. Credit can be earned on the same individual employed by the same employer for up to 2 years.

State maximum credit amounts are \$1,750 for the 1st year, \$2,500 for the 2nd year per qualifying employee, and any part of the remaining credit may carry forward at the end of the taxable year for 3 consecutive taxable years. An employer must first qualify for the federal credit. Additional criteria:

- Hiring of the individual must increase the employer's total number of jobs (over the average in the preceding calendar year) or replace a previous qualified employee
- Wage, benefits and working conditions must be comparable with similar jobs of that same employer
- Employee must live in a high unemployment county determined by the Department of Labor to have had an unemployment rate exceeding 10% in 6 or more months in the previous calendar year (determined every January).
- Corporations or individuals attach their NM Department of Labor certification to the appropriate tax forms and submit to NM Tax and Revenue Department.

Community Development Incentive Act (Property Tax Exemption)

Municipalities and counties may exempt commercial personal property of a new business facility from property tax for up to 20 years. This incentive is designed to give communities a less expensive alternative to IDBs (Industrial Development Bonds), particularly when the project is too small to warrant the expense associated with IDBs.

A "**facility**" means any factory, mill, plant, refinery, warehouse, dairy, feedlot, building or complex or buildings located within the state, including land on which the facility is located and all machinery, equipment and other real and tangible personal property located at or within the facility and used in connection with the operation of the facility. A "new business facility" means a facility that is employed by the taxpayer in the operation of a revenue-producing enterprise. The facility may not be a replacement business facility (by the taxpayer or a relative). The facility must be acquired by or leased to the taxpayer on or after July 1, 2003.

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% 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% of eligible costs up to \$30,000 in any taxable year. Unused credit amounts may be carried forward for three years.

Gross Receipts & Compensating Tax Exemption for Sales of Property to Governments - Applies to Industrial Revenue Bond (IRB) Projects

The gross receipts tax is New Mexico's version of a sales tax. Sales of tangible personal property (other than construction materials) to governments are deductible from this tax. Similarly, importation of tangible personal property for use by governments is also exempt. When the property is purchased with proceeds of an industrial revenue bond, the government unit issuing the IRB takes title to the property, whether purchased locally or imported. Accordingly, purchases of machinery, office equipment, furniture and similar tangibles as part of an IRB project are not taxed. Tangible personal property (other than building materials and related construction services) purchased with IRB proceeds is also included.

Cultural Property Preservation Tax Credit

Taxpayers may take this credit on corporate or personal income tax returns for restoring, rehabilitating or preserving properties listed on the NM Register of Cultural Properties. Specifically, a tax credit is available where historic structures are certified as having received rehabilitation to preserve and enhance their historic character.

To qualify, the property must be listed on the official New Mexico Register of Cultural Properties that is maintained by the Historic Preservation Division of the Office of Cultural Affairs. Any given taxpayer can be involved with more than one project and claim a credit for each qualifying project.

The maximum credit is 50% of the cost of restoration, rehabilitation or preservation; \$25,000 credit maximum per project. The taxpayer may apply the credits against existing tax liabilities only, and may carry unused amounts forward for four years.

Film Production Tax Credit

Filmmakers may ask for a credit equal to 15% of the total direct production costs incurred in New Mexico after January 1, 2002. "Film" includes live action or animated features, shorts and national advertisements regardless of delivery medium (film, laser disk, digital medium, etc.). Most direct costs are eligible.

The list of eligible costs aligns closely with "direct production costs" as used in the industry's standard accounting terminology but only costs incurred in New Mexico and subject to New Mexico taxation count.

This is an income tax credit only and is applied to a company's New Mexico income tax return. Inquiring companies may apply for either the 15% tax credit or the 6% gross receipt tax exemption (see below), but not both.

The production company registers with the Film Division of the Economic Development Department to let the state know when the filmmaker will be working in New Mexico and that it intends to ask for the credit. After production in New Mexico for a tax year is completed, the filmmaker applies for the credit with the Taxation and Revenue Department. Detailed records of costs incurred in New Mexico are submitted for review, and approval. The filmmaker can then claim the amount of approved credit on the filmmaker's income return (PIT, CIT, PTE or FID form). Each owner then may claim its share of the approved credit on the owner's income tax return. If the film production tax credit amount claimed exceeds the film production company's tax liability for the taxable year in which the credit is being claimed, the excess shall be refunded. If the filmmaker is a pass-through entity (e.g., partnership or LLC), the approved credit amount will be split among the owners in whatever manner they see fit.

Filmmaker Gross Receipts Tax Deduction

Film production companies operating in New Mexico may give Type 16 nontaxable transaction certificates to their New Mexico vendors for purchase of most goods and services counted as "direct costs" by industry accounting standards - except food and lodging. This provides gross receipts tax relief at the point of purchase. Certificates are obtained only from the Taxation and Revenue Department.

A qualified production company may execute nontaxable transaction certificates with its supplies for tangible personal property or services. The suppliers may then deduct their receipts from the gross receipts tax. Film production companies intending to take the income tax credit (see above) may not use the nontaxable transaction certificates.

Contact the Film Office, www.nmfilm.com, or 1.800.545.9871 for an application or more information.

Renewable Energy Production Credit

Each qualified energy generator may earn one cent (\$.01) per kilowatt-hour for the first four hundred thousand megawatt-hours (=400,000,000 kilowatts) of electricity using a qualified energy source for ten consecutive years, beginning with the first year of production. Qualified energy generators are producers with at least ten megawatts generating capacity located in NM that produces electricity using a qualified energy resource and that sells that electricity to an unrelated person. Qualified energy resource means a resource that generates electrical energy by means of a fluidized bed technology (or similar low emissions technology) or zero-emissions generation technology that has substantial long-term production potential and that uses only biomass, solar light, solar heat, or wind.

Double Weight Sales Factor

A corporation (or family of corporations filing together) with income from sources within NM as well as from sources outside the state, apportions the income based on a three-factor formula. NM taxes the total corporate income times the average proportion of corporate sales, payroll and

property in NM. The 3 factors (sales, payroll and property) have equal weight (33.33% each) in the formula. For a limited time (through the year 2010) manufacturers may elect to use a modified formula which gives the sales factor a 50% weight, reducing the other two to 25% apiece. The sales factor now has twice the significance of the other two, thus, the "double-weighted sales factor formula."

For purposes of electing the four factor apportionment method, "manufacturing" excludes construction, farming, power generation and processing of natural resources, while allowing certain natural-gas-fired, wholesale power plants to qualify. The taxpayer, having elected to use the double-weighted formula, must use it for at least three consecutive years.

Investment Tax Credit for Manufacturers *(Investment Credit Act)*

Manufacturers may take a credit equal to 5% of the value of qualified equipment imported and put into use in a manufacturing plant in New Mexico, provided the manufacturer meets the criteria of hiring additional workers to earn the credit, as follows:

For Claims	1 new worker employed for each
0-\$30,000,000:	\$500,000 qualified equipment;
Over \$30,000,000	\$1 million in qualified equipment.

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.

The credit is taken through the CRS-1 form. This is the form on which state and local gross receipts, compensating and withholding taxes are paid to the state. The manufacturer simply reduces its payment of those state taxes (by as much as 85% per reporting period) until the amount of investment credit is exhausted. There also are provisions for issuing a refund when the credit balance falls under \$500,000. The credit does not apply against local gross receipts taxes, so the full amount of those taxes remains due every month. Excluded from the manufacturer definition are construction, farming, certain types of power generation and processing natural resources and hydrocarbons.

Aerospace: Research and Development Tax Deduction

Aerospace services are the research and development services sold or for resale to an organization for resale by the organization to the U.S. Air Force. When R & D services are sold to Phillips Laboratory for resale to the Air Force, the seller's receipts are deductible. If the R & D services are sold to an intermediary for resale to Phillips Laboratory for resale to the Air Force, those receipts are also deductible.

Aerospace: Aircraft Manufacturing Tax Deduction

This incentive provides a gross receipts tax deduction for sale of aircraft by an aircraft manufacturer. To be deductible, sale must be by manufacturer; sale made by someone other than a manufacturer may still be taxable.

Aerospace: Aircraft Refurbishing or Remodeling Tax Deduction

Receipts from refurbishing, remodeling or otherwise modifying transport category aircraft over sixty-five thousand pounds gross landing weight may be deducted from gross receipts.

Aerospace: Space Gross Receipts Tax Deductions

There are three separate deductions connected with the operation of a spaceport in New Mexico. The three deductions are:

1. Receipts from launching, operating or recovering space vehicles or payloads
2. Receipts from preparing a payload in New Mexico
3. Receipts from operating a spaceport in New Mexico

"Space" is defined as any location beyond altitudes of 60,000 feet above mean sea level. "Payload" means a system, subsystem or other mechanical structure designed and constructed to perform a function in space. "Space operations" is defined as the process of commanding and controlling payloads in space. "Spaceport" is defined as the installation and related facilities used for the launching, landing, operating, recovering, servicing and monitoring of vehicles capable of entering or returning from space.

Research and Development Gross Receipts Tax Deduction

Any service that is exported from the state, including research and development services are not subject to New Mexico gross receipts tax. These services must be produced by a business with a New Mexico office, sold to an out-of-state buyer and delivered and initially used out-of-state. This makes R & D a deductible transaction.

Rural Software Gross Receipts Tax Deduction

A taxpayer whose primary business is providing software development services and who had no business location in New Mexico other than in a qualified area during the period for which a deduction under this section is sought. The company must have been established after 7/1/02. Software development services include custom software design and development and web site design and development, but does not include software implementation or support services. Rural, for purposes of this tax deduction, is defined as statewide except for an incorporated municipality with a population of more than 50,000 (Albuquerque, Las Cruces, Rio Rancho and Santa Fe).

Technology Jobs Tax Credit

This credit has two parts: a basic credit and an additional credit, each equal to 4% of the qualified expenditures on qualified research at a qualified facility. The credit amount doubles for expenditures in facilities located in rural New Mexico (as defined for this tax credit as anywhere outside Rio Rancho or more than three miles outside Bernalillo, Dona Ana, San Juan or Santa Fe counties).

Eligible Uses (1) Expenditures: Includes a wide range of un-reimbursed expenses such as payroll, consultants and contractors performing work in New Mexico, software, equipment, technical manuals, rent, operating expenses of facilities (but excludes expenditures on buildings owned by a government pursuant to an IRB or already owned by the taxpayer or an affiliate before 2/2/2000).

(2) Research: Must be technological in nature and constitute elements of a process of experimentation leading to new or improved function, performance or reliability (not cosmetic, style).

(3) Facility: A building or group, with land and machinery, equipment and other real or personal property used in connection with the operation of the facility; excludes national labs.

Rates, Terms (1) Basic credit: the taxpayer claims the credit within 1 year following the end of the year in which the expenditure was made. The claim is made by filing a form for approval with the Tax and Revenue Department. The amount approved is applied against the taxpayer's state gross receipts, compensating and withholding liabilities until the credit is exhausted.

(2) Additional credit: a taxpayer earns the additional credit by increasing its payroll. The annual payroll must increase by at least \$75,000 over the base period and by at least \$75,000 for each \$1 million in qualified expenditures (= \$40,000 in credit) it wishes to claim. The base period floats; it is defined as the 12-month period ending on the day one year prior to the day the taxpayer applies for the additional credit. The base period payroll amount is also to be adjusted for inflation so that merely keeping up with the inflation will not earn any credit. The taxpayer applies for approval of the credit by filing the appropriate form with the tax department; approved credit amounts may be applied against the taxpayer's income or corporate income tax liability; it is not refundable so any excess of credit over liability is carried forward.

Web Hosting Gross Receipts Tax Deduction

Receipts from hosting world-wide web sites may be deducted from gross receipts. Hosting means storing information on computers attached to the internet.

Call Center Capital Equipment Tax Credit *(Capital Equipment Tax Credit Act)*

This incentive is a tax credit for the purchase of capital equipment provided to induce in-bound call centers to expand or relocate in rural New Mexico. The credit equals the state gross receipts rate times the value of eligible capital equipment. The equipment must be:

- Used in the call center directly in or as an integral part of taking in-bound calls or recording or processing messages
- Depreciable for federal income tax purposes by the claimant
- Purchased after July 1, 1999 and not previously used in New Mexico functions at the same or an adjacent site.

An existing call center may qualify if it expands after 6/30/99 and certifies to the Taxation and Revenue Department that its value for property tax purposes will increase by 20% over three years. The value of the eligible capital equipment purchases must equal at least \$250,000 over three years. The call center must be located in a "rural area" defined as:

- a Class A county (Bernalillo, Dona Ana, San Juan, Santa Fe)
- Class B county with valuations over \$3,000,000,000 (none)

- the Municipality of Rio Rancho and an area extending 5 miles from Rio Rancho's boundaries

The credit is taken against the state taxes on the CRS-1 form (state gross receipts tax, compensating tax and withholding tax) until exhausted. If, within two years of the granting of a credit, the call center closes or equipment for which a credit is granted is moved from the site, the business is liable for repaying the entire amount of the credit. If the event happens after 2 years but within 4 years of the granting of the credit, 50% of the credit must be repaid.

Telemarketing Gross Receipts Tax Exemption

Receipts from WATS (wide area telephone service) and private communications services are exempted from gross receipts from WATS (wide area telephone service) and private communications services are exempted from gross receipts tax and interstate telecommunications gross receipts tax acts or manufacturing may receive a credit for up to 50% of the total of all taxes imposed by an Indian nation, tribe or pueblo located wholly or partly in New Mexico on income derived from new business activity on Indian land. This credit is limited to income from a new business established on tribal land after 7/1/97. The credit is non-refundable, and can be applied against the existing tax liabilities only; an excess can be carried forward.

Tribal Land: Intergovernmental Business Credit

A corporation engaged in growing, processing or manufacturing may receive a credit for up to 50% of the total of all taxes imposed by an Indian nation, tribe or pueblo located wholly or partly in NM on income derived from new business activity on Indian land. Rate, Terms

This credit is limited to income from a new business established on tribal land after 7/1/97. The credit is non-refundable, and can be applied against the existing tax liabilities only; an excess can be carried forward.

Location Targets: Indian land

Industry Targets: Growing, processing or manufacturing

Other Conditions: Exception - a tax eligible for any other tax credit that provides a similar tax credit is excluded from the total of taxes counted for the Intergovernmental Business Tax Credit. Such taxes are Oil and Gas Severance Tax, Oil and Gas Conservation Tax, Oil and Gas Emergency School Tax, or the Oil and Gas Ad Valorem Production Tax on products severed from Indian tribal land, or a tax imposed on the privilege of severing products from Indian tribal land.

OTHER

Distilling and Brewing Preferential Tax Rate

Microbreweries producing less than 5,000 barrels of beer annually and small wineries producing less than 560,000 liters of wine per year qualify for a preferential tax rate.

The Liquor Excise Tax Act imposes taxes on beer, wine and spirituous liquors. The basic tax rate for wine is 45 cents per liter. Wine produced by a small winery (definition in opening sentence above) carries a tax of 10 cents per liter on the first 80,000 liters and 20 cents on production over

that level up to 560,000 liters. The basic tax rate for beer produced by a brewery is 41 cents; beer produced by a microbrewery (defined above) is taxed at 8 cents per gallon.

Education & Training

Eastern New Mexico University, Ruidoso Instruction Center provides continuing education and workforce training to residents and businesses located within the boundaries of the Ruidoso School District.

Job Training Incentive Program (JTIP) This aggressive program may fund up to 50 percent in urban areas - and 65 percent in rural -- of the salaries for six months of new employees hired for on-the-job training. www.nmtraining.com

New Mexico 9000 A partnership between the Economic Development Department, Los Alamos National Laboratory, Sandia National Laboratories and Honeywell Federal Manufacturing established New Mexico 9000, providing businesses with technical assistance to achieve ISO 9001:2000 compliance/certification at a very affordable cost. www.goNM.biz

Business Consultancy & Development

ACCION-New Mexico. Access to business credit and training for entrepreneurs. www.accionnm.org

Enchanted Land Certified Development Company. For small businesses in need of financing for fixed assets such as land, buildings and equipment, ELCDC helps companies access SBA 504 loan programs. Phone 505-843-9232

Manufacturing Extension Partnership "Helping Small Manufacturers Do Great Things. With resources connecting you to the newest technologies and the most effective production enhancement processes, we can help you capitalize on a wide range of new opportunities" www.newmexicomep.org

New Mexico Community Development Loan Fund is a private, non-profit organization that provides loans, training and technical assistance to small business owners and non-profit organizations throughout the state. www.nmcdlf.org

New Mexico Rural Development Response Council, assisting rural communities in capacity building. www.ruraldevelopemntnm.org

New Mexico Small Business Development Centers provide confidential assistance with business planning, marketing, financing, international trade and locating other forms of assistance. www.nmsbdc.org

NMSU Bureau of Business Research provides business and economics research and consultation to both the public and private sectors. bbrs.nmsu.edu

Reconnecting America, formed to link transportation networks and the communities they serve
www.reconnectingamerica.org

Rural Payday - helps New Mexico's smaller cities and towns prepare themselves to meet the needs of today's information and technology based businesses. www.ruralpayday.com

Sandia National Laboratories - Small Business Assistance Program technical and business assistance services to New Mexico's small businesses (generally defined as any with 500 employees or less), available at
www.sandia.gov/partnerships/smallbusinessprograms/NM/NMcontent.htm.

SCORE, "Counselors to America's Small Business"
www.santafescore.org

Space Alliance Technology Outreach Program (SATOP): A free service, administered by the Regional Development Corporation and supported by the NASA, designed to provide engineering assistance and to speed the transfer of space technology to the private sector, available at www.spacetechnologies.com/index.asp

Technology Ventures Corporation serves as a bridge between the public and private sectors for the commercialization of technologies developed at Department of Energy national laboratories, specifically Sandia National Laboratories, and assists in the expansion of existing businesses, available at www.techventures.org.

WESST, the Women's Economic Self-Sufficiency Team, is a non-profit organization headquartered in Albuquerque that facilitates the start-up and growth of women and minority-owned businesses. www.wesst.org

Business Associations

Association of Commerce and Industry
www.aci.nm.org

Chambers of Commerce are often the first stop for local business knowledge and contacts.
www.newmexico.org/visitor/chambers.html

HyTeP (www.hytep.org) and the New Mexico Hydrogen Business Council (www.NMHBC.org) focus on the State's hydrogen economic development initiative.

New Mexico Biotechnology and Biomedical Association (NMBBA)
www.nmbio.org

New Mexico Entrepreneurs Association
Matt Ennis, CEO, Argus Insights, Inc. (505) 286-1856 matthew@argusinsights.com

New Mexico Information Technology & Software Association (NMITSA)
www.nmitsa.org

New Mexico Optics Association

www.nmoia.org

Southern New Mexico High Tech Consortium

www.hightechnm.org

Job Training Incentive Program (JTIP)

Program's Purpose

The Job Training Incentive Program is designed to provide quick response training to new or expanding businesses in New Mexico.

Under the program, financial assistance is available to help new or expanding businesses with the expense associated in training employees. The amount of funding allocated to a company is determined by the number of trainees, the wage and hours of training needed. Training can be customized to meet the company's needs and can be classroom, on-the-job, or a combination of the two.

Training assistance may be provided to new or expanding companies which manufacture or produce a product in NM. Training assistance may also be provided to non-retail businesses in the service sector that provide services for export or will reduce a need for importing a service to New Mexico. Service companies must export a substantial (typically 60%) in order to qualify and must be listed as a service company by the North American Industry Classification System (NAICS).

Program Provisions

1. Training assistance of up to 1,040 hours per trainee is available under the program. However, the O*NET (Occupational Information Network) and wages are used to determine training hours required. Costs are reimbursed at fifty percent (50%) of the trainee's hourly wages multiplied by the hours of training allowed. Businesses outside the city limits of Albuquerque, Santa Fe, Roswell, Las Cruces and Rio Rancho will be reimbursed at sixty percent (60%). If a company is located in an economically distressed area of New Mexico, the said company is eligible for sixty-five percent (65%). The following counties are considered economically distressed: Cibola, Mora, Guadalupe, Rio Arriba, Luna, San Miguel, McKinley, and Taos.
2. Trainees must be new hires, must have resided in the state of New Mexico for at least one year prior to enrollment into the Job Training Investment Program, and must be eligible under the Federal Fair Labor Standards Act.
3. Trainees must have completed the training in order for the business to receive funding.

4. Trainees must be full-time/year-round employees and must be guaranteed full-time employment upon successful completion of the training program. Part-time employees are eligible provided that no more than 10% of the payments are for part-time positions.
5. Trainees must not have terminated high school within the previous three months, except through graduation.

Administration

The program is administered by the New Mexico Economic Development Department, with cooperation from the New Mexico Department of Education, the New Mexico Department of Labor, and the New Mexico Commission on Higher Education. With the assistance of professional staff from these agencies, a proposal is prepared by the company and submitted to the Economic Development Department for review and presented to the Job Training Board. New Mexico is dedicated to helping its industries flourish by providing New Mexico citizens with the education and training needed to compete for skilled employment. The State of New Mexico invites you to contact one of the following departments for more information:

New Mexico Economic Development Department

Joseph M. Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505-4147
Toll Free: 1-800-374-3061
Phones: 505-827-0323; 505-827-0238; 505-827-0115; 505-827-0249
Web Site: www.NewMexicoDevelopment.com

New Mexico Department of Education

Vocational Education Division
Education Building
300 Don Gaspar
Santa Fe, New Mexico 87501
Phone: 505-827-6512

New Mexico Department of Labor

Job Training Division
1596 Pacheco
Aspen Building
Santa Fe, New Mexico 87501
Phone: 505-827-6827

New Mexico Commission on Higher Education

1068 Cerrillos Road
Santa Fe, New Mexico 87502
Phone: 505-841-6611

Investment and Financing Assistance

State Investment Council Co-Investment Program

This program is administered by the State Investment Council through Fort Washington Capital Partners. New Mexico Co-Investment Partners, L.P. (the "Fund") has been established to co-invest in New Mexico-based companies alongside other venture capital firms that serve as lead investors. Fort Washington Capital Partners, a Cincinnati, OH-based private equity manager, has been selected by the New Mexico State Investment Council to manage the Fund. Fort Washington will assemble a portfolio of direct investments that are diversified by stage and industry. For details, please visit www.fortwashington.com/nmsic.

Industrial Revenue Bonds (IRB)

IRBs may be issued in one of two ways:

1. A municipality or county may issue an IRB to finance privately-operated development projects. 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).
2. 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 IRB's.

The bonds do not constitute an indebtedness of the local government and the requesting party must arrange its own financing. The term of the bonds is limited to 30 years (shorter by local rule in some municipalities).

IRB financed projects are exempt from ad valorem tax for as long as the bonds are outstanding and title to the project is held by the issuing agency. New Mexico law exempts governmental agencies from paying property taxes. The IRB financing mechanism provides for an installment sales agreement or lease agreement whereby the issuer acquires the project and then sells or leases the project to the business. At the end of the installment sale or lease, the issuer conveys the project to the business for a nominal amount. Bonds may be issued in different series with variable principal amounts, interest rates and maturities to accommodate the acquisition of assets with different useful lives. The municipality or county must approve the project. The issuing agency is not responsible for the indebtedness; it serves only as a conduit to the financing. In addition to a property-tax abatement, tangible personal property (other than building materials and related construction services) in facilities financed with IRBs is effectively exempt from gross receipts and compensating tax.

Private Activity Bonds for Manufacturing Facilities

Tax-exempt industrial revenue bonds are available for the construction, or acquisition and renovation of manufacturing facilities up to \$10 million in total project cost. Interest rates are lower than conventional with up to a 30-year term.

Costs that may be financed with tax exempt bond proceeds:

- Land and hard construction costs
- Purchase of equipment
- Related soft costs such as architectural, engineering, title, etc.
- Capitalized interest during construction, and
- Percentage of the bond issue toward costs of issuing the bonds

These bonds can be issued by a municipality, a county or the New Mexico Finance Authority.

Venture Capital Investment Programs

The New Mexico Venture Capital Investment Program makes investments in qualified NM-based venture capital funds. Up to three percent of the Severance Tax Permanent Fund in NM-based venture capital funds can be invested by the State Investment Council through limited partnerships with resident venture capital firms. In 2002, there were 9 venture capital firms managing 13 funds participating in the program.

Each New Mexico venture capital fund must be a limited partnership or corporation organized and operating in the U.S. and maintaining its principal active office in New Mexico. Not more than \$15 million may be invested in any one New Mexico venture capital fund, and such investments cannot exceed 50 percent of the committed capital of that fund. The funds may be invested in entrepreneurial businesses with the following conditions: the company must have an experienced management team; a rapidly growing and potentially large market; and a convincing proprietary or competitive advantage where there are barriers to entry for other businesses and opportunity for significant capital appreciation for investors over a 5-7 year period.

Real Property Business Loans

Available from the State Investment Council (SIC), these loans are severance tax permanent fund investments in participation of up to 80 percent of loans originated by New Mexico financial institutions. Eligible uses are the purchase of land and attached buildings, and refinancing existing debt if the loan is for expansion purposes. Interest rates are fixed for five years, and maturity is not less than five years or more than 15 years. Business-size targets: \$500,000 to \$2,000,000.

Severance Tax Permanent Fund/Participation Interest in Business Loan

The Fund may be invested in participation interests in New Mexico real property-related business loans if the proceeds of such loans will be or are being used by the borrower to commence or expand operations in New Mexico. The loans purchased may be in amounts from \$250,000 to \$2 million. The minimum loan amount may be met by the packaging of up to 5 separate loans which otherwise would meet the requirements of the program. The State Investment Council may purchase from eligible New Mexico financial institutions a participation interest of up to 80% in any loan secured by a first mortgage or a deed of trust on real property located in New Mexico of an eligible business entity, or its subsidiary, which is operating or shall use the loan proceeds to commence operation within this state, plus any other guarantees or collateral that may be judged by the eligible institution or State Investment Officer to be prudent. In accordance with the provisions of the statute, loan proceeds shall be used exclusively for the purpose of expanding or establishing businesses in New Mexico. The use of loan proceeds may

include the refinancing of a business' existing loans outstanding only if the loan is for expansion purposes.

State-Sponsored Community Development Block Grants, Loans And Grants

Community Development Block Grant (CDBG) Loans

Funds are allocated to the economic development set-aside program on an annual basis. These are federal funds from the U.S. Department of Housing and Urban Development. Albuquerque, Santa Fe, Las Cruces and Rio Rancho administer their own programs. The New Mexico Department of Finance and Administration administers the program for the balance of the state.

A grant is made to a local unit of government, which then loans the funds to the private sector. The loan can be used for acquisition of real property and equipment, working capital and construction, but may not be used to finance the movement of equipment or plants from one location to another. The program requires a 2:1 match between non-CDBG and non-public cash funds to the CDBG amount. The loans are flexible with respect to payback; terms are negotiated between the local unit of government and the private company involved. Loan maximum is \$400,000 (tied to the number of jobs created usually \$15,000/job). There is also a requirement to hire a certain number of low to moderate-income people. The size of the requirement varies depending on the loan amount.

Community Development Block Grants (CDBG)

Grants may be made only to local governments for public purposes. The local government on completion of the project must own any project so funded. This does not preclude local governments from applying for CDBG funds to accomplish such goals as the extension of utilities or streets, or to assist a new or expanding employer. Grant maximum is \$400,000 (tied to jobs created and impact on low to moderate-income people).

New Mexico Business Participation Loans

The State Investment Council may invest a portion of the Severance Tax Permanent Fund in real property-related business loans. Participation may be up to 80% in an individual loan. Origination of the loan must be through a New Mexico financial institution. There is a loan minimum of \$500,000, and a maximum of \$2 million. Loan maturities may not be less than five nor more than 15 years. The interest rate is based on U.S Treasury securities plus 2.5% or the yield received by the lending institution. Loan proceeds must be used by the borrower to expand or locate a business operation in New Mexico.

New Mexico Severance Tax Loan Program

The State of New Mexico can purchase up to \$20 million of bonds, notes, debentures or other evidence of indebtedness, excluding commercial paper, whose proceeds are used for the establishment or expansion of business ventures in New Mexico. The rate of interest to be paid on these evidences of indebtedness is equivalent to the yield on U.S. Treasury issues of comparable maturity plus 50 to 100 basis points. The State Investment Council may establish terms for debt retirement, affecting both principal and interest, to meet the needs of the borrower. These bonds, etc., must be rated not less than Baa or BBB, or the equivalent, by a national rating

service, or be secured with an irrevocable letter or credit issued by an institution or corporation rated A or better. The loan may not exceed 20 years.

Community Development Revolving Loan Fund

The revolving loan fund enables political subdivisions to construct or implement projects to encourage the location of industry. Eligible uses of funds include infrastructure improvements, acquisition of property, construction, reconstruction, rehabilitation or installation of public facilities, site improvements and utilities. Commercial or industrial buildings or structures, and other commercial or industrial real property improvements for startup or expanding businesses are also eligible. The interest rate for these loans is set at ½ the U.S. Treasury bond equivalent. The loan maximum is \$250,000. The payment terms maximum is 10 years.

Seed/Start Up, Growth, Late Stage and Venture Capital Financing New Mexico's 27J Exemption

The 27J Exemption allows a small business to raise funds through offerings of up to \$1.5 million by paying a nominal fee of \$350.

State of New Mexico Investment Council Venture Capital Investment

This program provides capital to partnerships and partners having significant venture capital experience and demonstrated successful investment performance records.
New Mexico Economic Development Department

Joseph M. Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505-4147
505/827-0382
Fax: 505/827-0407

Other State-Wide Economic Development Finance Programs

Enchantment Land Certified Development Company (ELCDC)

The ELCDC is a nonprofit corporation with an economic development lending mission. ELCDC holds the only statewide license in New Mexico to administer the SBA 504 Loan Program. ELCDC, via the SBA 504 program offers long term (20 years), low down payment (10%), fixed rate loans for land, buildings and equipment for expanding small businesses. ELCDC issues a debenture which is sold with a 100% SBA guarantee for up to 40% of a given projects costs, a base amount of \$1 million (with the ability to go up to \$1.3 million), and the company provides 10% equity. Project sizes range from \$120,000 to \$8 million. The remaining loan dollars for a project (typically 50% of costs, at least) is from a first mortgage loan from a private sector lender. ELCDC also administers a direct loan program in rural areas of New Mexico via the USDA Intermediary re-lending program.

Enchantment Land Certified Development Company
625 Silver SW, Suite 210
Albuquerque, NM 87102
505/843-9232
Fax: 505/764-9153

Technology Ventures Corporation (TVC)

TVC was formed by Lockheed Martin to promote the commercialization of technology, particularly in relation to Sandia National Laboratories, TVC serves to link technologies and investment sources with start-up companies and existing business. Also, TVC facilitates technical, business and management assistance for its clients.

Technology Ventures Corporation
1155 University Blvd. SE
Albuquerque, NM 87106
505/246-2882

Women's Economic Self Sufficiency Team (WESST Corp.)

Provides consulting, training and support programs, as well as financial assistance (loans) to small and minority-owned businesses. The maximum loan is \$5,000 with a rate of approximately 10% and a term of three years.

WESST Corp.
414 Silver SW
Albuquerque, NM 87102
505/241-4753
Fax: 505/241-4766

New Mexico Community Development Loan Fund

Provides loans to businesses and organizations that have tangible benefits for low-income people. Loans may be for housing projects, as well as income producing ventures. Rates and terms vary according to project requirements. Typical loans are from \$5,000 to \$25,000.

NM Community Development Loan Fund
PO Box 705
Albuquerque, NM 87103
505/243-3196
Fax: 505/243-8803

ACCION New Mexico

Extends "micro" loans to small business entrepreneurs. These working capital loans are designed to help home-based and other self-employed people grow to be self-sufficient. ACCION's major thrust is to help those who do not have access to credit from traditional sources.

ACCION New Mexico
Albuquerque, NM 87102
505/243-8844
Fax: 505/243-1551

Community Development Resources

This section is devoted to New Mexico communities; providing a menu of resources and assistance needed to accomplish community development goals.

New Mexico MainStreet

MainStreet is a national program with an award-winning four-point approach to downtown revitalization.

Regional Representative Program

Every New Mexico community has an economic development specialist assigned to assist them in achieving their vision for their village, town or city. Find your regional representative and a brief description of the services available to communities through this program.

Enterprise Zone Program

There are state and federal level benefits for designated Enterprise Communities. Information on these benefits and how to become a designated community is provided on this page.

NMCommunities.com

This web site is a searchable database of profiles on New Mexico communities. The database includes industrial buildings and land. The individual community pages provide contact information for local economic development organizations throughout the state, and links to their web sites where available.

Co-Op Advertising Program

This program helps communities and non-profit entities in New Mexico to promote themselves and their economic development message. The Department reimburses 50% of eligible costs under a contract executed between the Department and the contractor.

Support of Quality Certification

NEW MEXICO 9000 Program: *Increasing the Competitiveness of New Mexico Businesses*

The State of New Mexico's Economic Development Department, Los Alamos National Laboratory, Sandia National Laboratories and Honeywell Federal Manufacturing & Technology formed an alliance to establish New Mexico 9000, a program to provide small businesses in New Mexico with technical assistance to achieve ISO 9001:2000 compliance/certification at a very affordable cost.

ISO is a series of quality management standards accepted by over 161 countries, including the European Union, Japan and the United States. Companies with ISO 9001:2000 Certification are committed to an effective quality management system, are highly competitive and can fully compete in both U.S. and international markets.

ISO 9001:2000 is an effective management system that defines an organization's goals, policies and procedures and the process by which they are maintained and improved. The system is

applicable to all businesses including services, manufacturing, school systems, hospitals, hotels and others. ISO 9001:2000 certification is required for companies wishing to do work, even second and third tier, for companies in Mexico, Canada, Europe and Asia. Major U.S. manufacturers and U.S. government agencies also require ISO 9001:2000 certification. Costs incurred in becoming ISO certified are tax deductible.

The benefits businesses will receive from the New Mexico 9000 program and being ISO certified include:

- Market Competitiveness
- Export Capability
- Customer Demand
- A Quality Management System
- Increased Sales and Profit Margins

New Mexico 9000 provides coursework, facilities, and ISO certified lead auditors to work with participating individuals in the implementation of an ISO 9001:2000 quality management system in their companies. This assistance is provided in a classroom style environment where both instruction and consulting services are available to all participants. The program typically lasts for one year with the participants meeting every other week for three hours.