

# Think tank drafts job-creation proposal

Winthrop Quigley / Journal Staff Writer

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Think New Mexico over the years has recommended the state provide full-day kindergarten to all children, eliminate gross-receipts taxes on food, create an independent Office of Superintendent of Insurance, and increase qualifications for the state’s elected public regulation commissioners.

Each of those initiatives became law.

The Santa Fe-based, nonpartisan think tank’s latest cause is to improve the availability and quality of jobs in New Mexico. Its latest white paper contends that New Mexico and many other states attempt to guess which companies are going to be winners in the global marketplace, then try to woo them to locate in the state.

The results of that approach have been mixed.

Germany’s Schott Solar came to Albuquerque with what Think New Mexico called “the best of intentions,” receiving \$15.9 million in incentives to build a solar-panel manufacturing facility that was supposed to employ 1,600 people. Instead, it closed in 2012, after hiring 300 people, when cheap solar panels from China and elsewhere flooded the market.

Santa Fe Studios got \$20.1 million in state and Santa Fe County incentives in 2006 to build a 40,000-square-foot film and television production facility on the promise the studios would create 500,000 hours of above minimum-wage work in the first five years of operation. The studios have housed one television show that relocated to Los Angeles and one film.



The Albuquerque metro area’s difficulty in creating new jobs in the past year is well documented. Think New Mexico says it has a better idea. Here, a couple of job seekers fill out applications at a career fair in May at the Marriott Pyramid North. (Marla Brose/Albuquerque Journal)

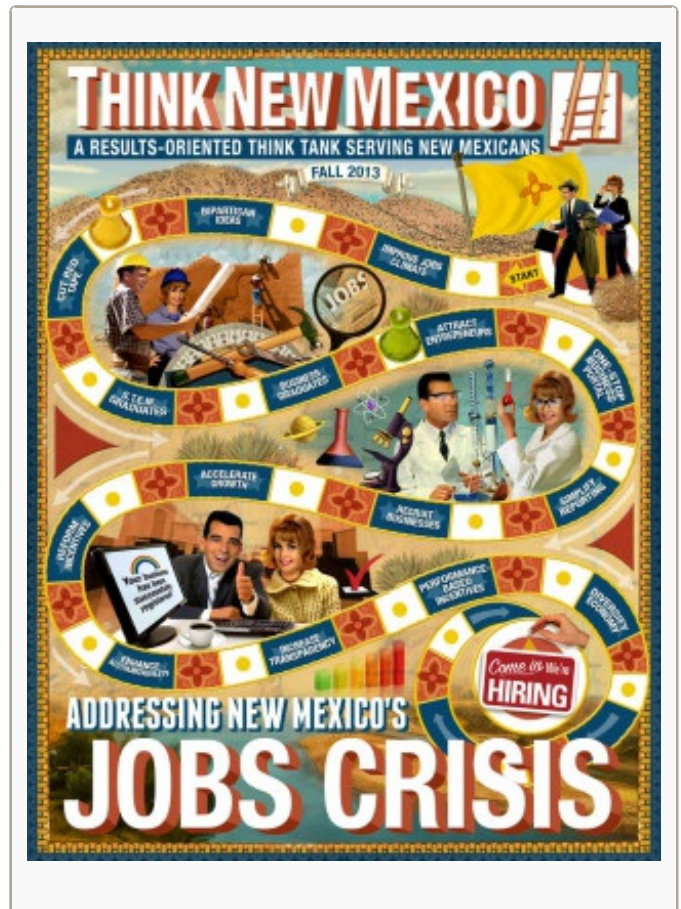
## Three-point approach

A better plan, according to Think New Mexico Executive Director Fred Nathan, is to create a climate where the entrepreneurs with the best ideas can thrive. That means New Mexico needs to expand the pool of entrepreneurs who live here, lower bureaucratic and regulatory barriers that inhibit them, and encourage businesses already here to expand.

To pay for it, the state can eliminate a handful of obsolete, questionable or ineffective tax breaks and redirect the money toward bringing students to state universities and paying companies for meeting economic development goals.

Think New Mexico hopes to push through legislation that would:

- Establish a scholarship program for international undergraduate students committed to earning science, technology, engineering, mathematics or business degrees at New Mexico’s public universities. The think tank believes these graduates can be the foundation of a generation of entrepreneurs prepared to build companies based in New Mexico.
- Increase funding for “experiential entrepreneurship programs,” such as New Mexico State University’s Arrowhead Center and the University of New Mexico’s Small Business Institute, and to realize “the potential of New Mexico’s home-grown entrepreneurial talent.”
- Reduce administrative burdens on business “with a one-stop portal for all business fees and filings.”
- Reward businesses that start, expand or move to the state after they have met goals such as increasing employment. Think New Mexico identified almost \$14 million lost to the state’s treasury in tax breaks, money that could be used to fund its proposed programs.
- Eliminate the 3 percent excise tax for all-terrain vehicle and recreational-vehicle sales, and apply the higher gross receipts.
- End a tax discount for tobacco wholesalers enacted in 1943 that was designed to offset the expense of applying tax stamps to tobacco products.
- Discontinue the gross-receipts tax exemption on cash prizes paid to horse owners, jockeys and trainers.
- Require real-estate developers to meet job creation, capital investment and other benchmarks before they receive incentives through the tax increment development district program. It also would reduce the size of those incentives.



North Dakota slashed tuition for such students and saw international enrollment increase 40 percent over 10 years. International students make up 5.9 percent of the undergraduate population of the University of North Dakota in Grand Forks and 4 percent at North Dakota State in Fargo.

paper on how to attract better companies and create more jobs in the state. (Courtesy of Think New Mexico )

Think New Mexico says many of these students remain in North Dakota to start companies, especially in the fields of information technology, computer science, medicine and defense.

Less than 1 percent of UNM's enrollment consists of international students, 2.43 percent of New Mexico Tech's students are international, and 3.82 percent of NMSU's students are international.

The think tank said 5 percent of New Mexico universities' enrollment should be made up of international students. It estimates the cost of providing scholarships to international students to reach that goal would be \$12.5 million.

### **Utah lessons**

If North Dakota is an example of how to build entrepreneurial talent, Utah is an example of how to provide companies with incentives to build a state's economy.

Five years ago, Utah started paying tax incentives to companies after they created jobs. Since then, 25,000 jobs have been created "directly through post-performance tax incentives," according to Think New Mexico.

"That has translated into \$16.232 billion in new state wages, \$5.159 billion of new capital investment, and \$1.617 billion in new revenue for state government," it wrote.

Out-of-state companies that relocate to Utah, after they expand operations and create jobs, can receive a rebate of up to 30 percent on the new sales taxes, corporate income taxes and withholding taxes they would owe as result of their expansion or relocation. Companies can receive these breaks from five to 10 years, but they get them only after they prove they have created new jobs in Utah.

Think New Mexico says Utah has attracted companies like Adobe, Boeing, eBay and Oracle because they are "attracted by the fact that they are competing for incentives based on merit rather than on political relationships, as well as by the fact that the incentive is not limited to specific, government-favored industries."