

# ALBUQUERQUE JOURNAL



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## EDITORIALS

### Work smarter, not harder, to attract jobs

New Mexico has worked hard to attract business over the years, often like the stereotypical college freshman works hard to get into a fraternity or sorority during pledge week. More concerned with businesses liking us than us liking them? Signed up for that. Give breaks with no written promise of a pay-back? Go! Fight! Win!

So while the state has made significant progress in reforming its tax structure and taking other steps to make us more competitive, there is still work to do. Among key elements still missing is a significant "closing fund."

Meanwhile, a plan advanced by a nonpartisan think tank offers some additional ideas that merit serious discussion in the 2014 Legislature. Think New Mexico's latest report, "Addressing New Mexico's Jobs Crisis," offers various recommendations that could help boost the economy and job base.

- The first, reducing the bureaucratic and regulatory barriers that inhibit job creators and economic drivers, is a one-stop online business portal. It's definitely overdue — New Mexico was one of only two states that earned an "F" this year and last for business friendliness, according to the Kauffman Foundation, which is dedicated to advancing entrepreneurship.

- The second, encouraging existing businesses to expand by offering tax incentives for performance rather than just setting up shop, is modeled on proven success in Utah. Think cites that state's post-performance program as a "more effective, coherent, long-term economic development strategy" than the millions in no-interest loans and incentives state taxpayers have lost on such firms as Schott Solar and Santa Fe Studios. In fairness, New Mexico and local governments have become much more astute about adding clawbacks and other protections.

But Utah has done it in spades. In five years, the state has added 25,000 jobs, \$16.2 billion in wages, \$5.159 billion in capital investment and \$1.617 billion in revenue for state government with companies like Adobe, Boeing, eBay and Oracle. New companies as well as ones that expand 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 — but only after proving they created new jobs.

Think also has a funding mechanism for its proposals: getting a real rundown of the effectiveness of the state's 338 tax credits, exemptions and deductions and eliminating less effective ones. Taxpayers have shelled out an estimated \$467 million in economic development incentives in the 2007-2011 budget years with no accounting on what they got for their investment.

New Mexico's leaders have talked for years about diversifying the economy beyond government and tourism. There are positive indicators, especially in southern New Mexico along the border, a surge in exports and a booming southeastern energy sector. But over the years the state's strategy has delivered as many high-profile failures as successes.

It is important in this recovering economy for the Legislature to consider adopting smarter strategies that deliver.