

NEW MEXICO THE PLACE FOR AEROSPACE

There are many reasons why the world's premier aerospace companies do business in New Mexico. Here are just a few:

- **Competitive Tax Climate:** New Mexico has the lowest property tax in the nation, no inventory tax, and offers generous incentives for new jobs and investment - many of which are specific to this industry
- **Most Productive Workforce:** first in manufacturing value added (*2014 State New Economy Index*) and the state's Job Training Incentive Program is ranked 5th in the nation (*Business Facilities*). Accredited, specialized education and training programs at Universities and Colleges across the state
- **Superior Launch Opportunity:** low air traffic and restricted airspace adjacent to White Sands Missile Range
- **Research and Development Facilities and Expertise:** Air Force Research Laboratory, Los Alamos National Laboratory, and Sandia National Laboratories all have mechanisms for working with industry, and special programs, many of which are funded by the State of New Mexico, for New Mexico companies
- **Test and Evaluation Resources:** White Sands Missile Range and NASA White Sands provide private and government experimentation and testing services, and the NMSU Physical Sciences Laboratory operates the first FAA UAS test facility
- **World Class Observatories:** Magdalena Ridge Observatory and the Very Large Array, both operated by New Mexico Tech, have capabilities that drive national and international partnerships
- **Ideal Flying Weather:** 310 days of sunshine per year means minimal delays due to weather conditions, and the combination of high altitude and dry air lowers fuel costs and lessens conditions for corrosion
- **Land:** New Mexico is the fifth largest state geographically with a very low population density of only 17 persons per square mile
- **Track Record:** Robert Goddard, Wernher von Braun, NASA all chose New Mexico to conduct their research

New Mexico has a business climate and infrastructure that is conducive to business growth in a broad range of areas from development and test, to manufacturing; from directed energy, optics, and high energy lasers to nanomaterials; from 3-D printing and advanced manufacturing of critical parts to maintenance repair and overhaul technologies and services. New Mexico is home to three national research laboratories and three research universities, each of which conducts research for the air and space industry; three aerospace testing facilities with access to the restricted air space in southern New Mexico, an Army test range, and three Air Force bases.



FOR YOUR BUSINESS: A VERY COMPETITIVE TAX CLIMATE

New Mexico's corporate income tax rate is currently being phased down to a maximum of 5.9% by 2018. The state offers many incentives to grow business including three tax deductions specific to the aerospace industry; a new tax package for Directed Energy and Satellite development and production; R & D tax credits, and angel investment tax credits, among many other business development incentives.

New Mexico has numerous tax incentives for the aerospace industry covering areas such as research, development, manufacturing, and maintenance. Specific incentives apply for space, directed energy and satellites. New Mexico is committed to the creation of knowledge jobs.

A report released by Ernst & Young in January 2014 determined that New Mexico has the lowest effective tax rate for manufacturing among the western states.

Research and Development

- **Technology Jobs and R&D Tax Credit:** allows a taxpayer that employs no more than 50 employees, has qualified expenditures of no more than \$5 million, and who conducts qualified research and development at a facility in New

Mexico, a basic tax credit equal to five percent (5%) of qualified expenditures, and an additional five percent (5%) credit toward income tax liability by raising its in-state payroll \$75,000 for every \$1 million in qualified expenditures claimed. The tax credit doubles for expenditures in facilities located in rural New Mexico.

- **Angel Investment Tax Credit:** allows qualified investors to take a tax credit of up to \$62,500 or 25% of a qualified investment made in each of up to five New Mexico companies engaging in qualified research or manufacturing.

Test and Evaluation

- **The Military Acquisition Program Tax Deduction:** applies to receipts from transformational acquisition programs performing research and development, testing, and evaluation at New Mexico major range and test facility bases pursuant to contracts entered into with DoD.

Manufacturing

- **Investment Tax Credit for Manufacturers:** provides a credit against gross receipts, compensating or withholding taxes equal to 5.125% of the value of qualified equipment when certain job creation thresholds are met.

- **Single Sales Factor:** allows manufacturers a single sales apportionment

methodology and is being phased in over the next three years.

- **Consumables Gross Receipts Tax Deduction for Manufacturers:** allows a seller to deduct gross receipts tax from sales to a manufacturer of tangible personal property that becomes an ingredient or component part of a manufactured product (including electric power and natural gas).



Aircraft, Space, Directed Energy and Satellites

- **Directed Energy and Satellites Deduction:** allows receipts from the sale by a qualified contractor of qualified R&D services and qualified directed energy and satellite-related inputs to be deducted from gross receipts tax when sold pursuant to a contract with DoD.

- **The Aircraft Gross Receipts Tax Deduction:** provides deductions for the sale of aircraft parts or maintenance; the sale of aircraft flight support, pilot training or maintenance training services provided by an aircraft manufacturer; the sale of or from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over 10,000 pounds gross landing weight; 50% of gross receipts from selling other aircraft; and 55% of the receipts from selling jet fuel for use in turboprop or jet engines.

- **The Space Gross Receipts Tax Deduction:** includes deductions connected with the operation of a spaceport in New Mexico: launching, operating or recovering space vehicles or payloads; receipts from preparing a payload; and receipts from the provision of research, development, testing, and evaluation services for the U.S. Air Force Operationally Responsive Space Program.

Corporate Headquarters and High Wage Job Creation Incentives

- **High Wage Jobs Tax Credit:** allows an eligible employer to receive a tax credit equal to 10% of the wages and benefits paid for each new economic base job created.

- **Corporate Headquarters Tax Incentive:** provides a single sales apportionment factor in determining income tax paid to New Mexico.

WORKFORCE DEVELOPMENT

The strong aviation industry presence means there is a skilled and experienced workforce for new businesses (ranked 9th in high tech jobs according to the *2014 State New Economy Index*). New Mexico has several colleges that offer technical certificates as well as more advanced degrees.

Job Training Incentive Program (JTIP)

New Mexico has one of the most generous training incentive programs in the country. JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. JTIP funds three types of customized training for newly-created jobs: classroom training at a public education institution; structured on-the-job training or a combination of the two. The program reimburses 50-75% of employee wages.

Intern positions may also be eligible for JTIP provided the trainee is enrolled in a post-secondary training or academic program and meets program eligibility requirements. Companies that utilize the WorkKeys® program as part of their hiring process may be eligible for an additional 5% wage reimbursement above the standard rates.

In 2015-2016 Governor Susana Martinez and the New Mexico Legislature invested \$50 million for economic development projects that provide good jobs and new investment. This is the largest amount ever dedicated to the program since it began over 20 years ago.



In 2014 Kiplinger called New Mexico the 8th most tax-friendly state.



SITES AND FACILITIES

SPACEPORT AMERICA (SA)

Spaceport America is owned by the State of New Mexico and is the world's first purpose-built commercial spaceport.
www.spaceportamerica.com

RESEARCH AND DEVELOPMENT

Sandia National Laboratories (SNL), Albuquerque
Sandia Corporation, owned by Lockheed Martin Corp., operates Sandia National Laboratories for the U.S. Department of Energy's National Nuclear Security Administration and supports numerous federal, state, and local government agencies, companies, and organizations. A strong science, technology, and engineering foundation enables Sandia's mission through a capable research staff working at the forefront of innovation, and collaborative research with universities and companies. www.sandia.gov

Los Alamos National Laboratories (LANL), Los Alamos
The Lab's mission is to develop and apply science and technology to ensure the safety, security, and reliability of the U.S. nuclear deterrent; reduce global threats; and solve other emerging national security and energy challenges. As a premier national research and development laboratory, LANL seeks to do business with qualified companies that offer value and high quality products and services. www.lanl.gov

The Center for Integrated Nanotechnologies (CINT), Albuquerque

CINT is one of five Nanoscale Science Research Centers sponsored by the U. S. Department of Energy. The core facility is at SNL and the gateway facility is at Los Alamos National Laboratory. CINT focuses on four scientific areas: nanoscale electronics and mechanics; nanophotonics and optical nanomaterials; soft, biological composite nanomaterials; and theory and simulation of nanoscale phenomena. <http://cint.lanl.gov/>

Air Force Research Laboratories (AFRL), Directed Energy and Space Vehicles Directorates, Albuquerque
The AFRL Directed Energy Directorate is the Air Force's center of expertise for directed energy and optical technologies. (http://www.kirtland.af.mil/afrl_de/).
The Space Vehicles Directorate serves as the Air Force's "Center of Excellence" for space technology research and development. http://www.kirtland.af.mil/afrl_vs/

OBSERVATORIES

Magdalena Ridge Observatory (MROI), Socorro County

The technical and scientific goals are to produce model-independent images of faint and complex astronomical targets at resolutions over 100 times that of the Hubble Space Telescope. The goal of the MROI is to support programs in space situational awareness, astronomy, and education and outreach.
www.mro.nmt.edu

Very Large Array (VLA), Plains of San Agustin

One of the world's premier astronomical radio observatories consists of 27 radio antennas in a Y-shaped configuration on the

Plains of San Agustin 50 miles west of Socorro (New Mexico).
www.vla.nrao.edu

Starfire Optical Range, Kirtland Air Force Base

The primary mission of this facility is to develop optical sensing, imaging and atmospheric propagation technologies to support Air Force aerospace missions. It is a major component of the Air Force Research Laboratory Directed Energy Directorate.

TEST FACILITIES

New Mexico State University (NMSU) Physical Science Laboratory (PSL), Las Cruces

PSL is a world-recognized leader in sub-orbital platforms, information modeling for predictive decision making, specialized intelligence community support, advanced NASA scientific exploration and experimentation, homeland security sensing and detection technologies, and advanced weapons and countermeasures development and testing. PSL's resources include the Aircraft Systems (UAS) Flight Test Center (FTC), the Environmental Test Facility, and the Propulsion Test Laboratory.
<http://www.psl.nmsu.edu/>

White Sands Missile Range (WSMR)

WSMR provides Army, Navy, Air Force, DoD, and other customers with high quality services for experimentation, test, research, assessment, development, and training in support of the nation at war. <http://www.wsmr.army.mil/Pages/newhome.aspx>

NASA White Sands Test Facility (WSTF)

WSTF conducts simulated mission duty cycle testing to develop numerous full-scale propulsion systems. These systems have been developed for the Apollo Service Propulsion and Lunar modules, Shuttle Orbiter, and the International Space Station (ISS). www.nasa.gov/centers/wstf/home/index.html

UNITED STATES AIR FORCE PRESENCE

Kirtland Air Force Base, Albuquerque

The 377 Air Base Wing, host wing of Kirtland AFB, is home to over 150 mission partners, including: the Directed Energy and Space Vehicle Directorates of the Air Force Research Laboratory, Sandia National Laboratories, the Air Force Safety Center, the Air Force Inspection Agency, the Air Force Operational Test and Evaluation Center, and the 58th Special Operations Wing and New Mexico Air National Guard. <http://www.kirtland.af.mil/>

Cannon Air Force Base, Clovis

Cannon Air Force Base is home to the 27th Special Operations Wing. The base is eight miles west of Clovis and totals 3,789 acres. The Melrose Air Force Range training area is located approximately 25 miles west of Cannon and is approximately 70,000 acres. <http://www.cannon.af.mil/>

Holloman Air Force Base, Alamogordo

The 49th Wing, host wing at Holloman, supports national security objectives by deploying worldwide to support peacetime and war-time contingencies. Holloman AFB is six miles west of Alamogordo and 59,639 acres, and supports about 21,000 Active Duty, Guard, Reserve, retirees, DoD civilians and their family members. <http://www.holloman.af.mil/>



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