



# State of New Mexico

*Office of the Governor*

## **Governor Bill Richardson Signs Major Economic Development, Military Base Retention Bills**

### **Governor also gives keynote address to business leaders at ACI "Roundhouse Roundup" Luncheon**

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ALBUQUERQUE- Governor Bill Richardson today signed four important economic development bills:

- SB 28 High Wage Jobs Tax Credit
- SB 333 Military Base Retention and Tax Incentive for Testing
- SB 316 Permanent Fund Investment in Real Estate
- HB 231 Regional Transportation District Funding

The Governor signed the bills today following his speech to the Association of Commerce and Industry's (ACI) "Roundhouse Roundup" luncheon where he spoke about the successful, just-completed legislative session.

Here is a portion of Governor Richardson's prepared remarks:

"We had a very productive session, and made progress on all four of my priority areas:

- We toughened DWI laws,
- We cut taxes on food and medical services,
- We continued to make progress on education,
- We made prescription drugs more available for seniors.

Our economic growth strategy- my vision of building a high-wage, prosperous New Mexico economy, is working:

- New Mexico is the only state that substantially **cut taxes** last year
- New Mexico is one of just three states with a **budget surplus**, and has the third-highest budget reserve
- New Mexico is one of the top three states experiencing **positive job growth**, creating more than 12-thousand new jobs in 2003, and
- New Mexico is ranked fifth in the nation in terms of **Economic Momentum**.

Perhaps most importantly, there's a renewed sense of optimism in our state, a feeling that finally, we're moving forward, things are getting done, and together, we're helping to improve the lives of all New Mexicans.

We want to keep building on that momentum. We came back to the legislature looking for new tools, and once again, the legislature rallied and gave us those tools. You may have heard this was a "tough" session. No doubt, I pushed hard. I expected a lot. I set the bar high. I did not accept the notion that we should unreasonably limit our goals for the session. Ultimately, I knew legislators - under the leadership of Speaker Ben Lujan, and Senators Romero and Aragon -- would come through in the end.

They didn't come through for me. They came through for the people of New Mexico.

They came through and finally eliminated the regressive tax on food, saving working families hundreds of dollars a year.

This is the right thing to do. It's a net tax decrease, and it's fairer for working families.

New Mexicans will no longer have to pay taxes on food, and doctors and nurses will no longer flee the state. This is a middle class tax cut that is long overdue. This tax cut is good for our families; it's good for businesses; and makes New Mexico more competitive.

We continued to build on the success of last year by passing new economic development legislation that I will sign today, including additional tax cuts, incentives, and investment options.

**These are the bills I have signed today:**

- High-wage Tax Credit, SB 28, sponsored by Roman Maes. This gives companies a ten percent refundable credit for each new high wage job. In rural New Mexico, a high-wage job, including benefits, starts at \$28,000. In our urban areas, a high-wage job, including benefits, starts at \$40,000. This will send a message to companies that are here, and the ones yet to come, that the State of New Mexico is ready to be a partner in creating new, higher-paying jobs, and that means new opportunities for our citizens.
- Military Base Retention & Compensating Tax Incentive. SB 333, sponsored by Richard Romero. We must do everything we can to convince the government of what we

already know- New Mexico's military installations remain critically important to our national security, our national defense, and our national economy. We will do that through the office of Military Base Planning and Support, an effort so capably led by General Hanson Scott. In addition, we're providing an incentive for companies, and the government, to test new technologies in New Mexico, by providing an exemption on the compensating tax. This will make us more competitive, and stop forcing companies to test in other states.

- Permanent Fund Investments in Real Estate. SB 316, sponsored by John Arthur Smith. This increases the amount New Mexico can allocate to fiscally responsible real estate investments, and offers a greater measure of stability for our state's financial portfolio. With interest rates certain to rise again, it's important that we have the ability to invest in real estate as well as the bond markets. And, the bill also gives another measure of diversifying risk, allowing the State to invest in conservative, market-neutral portfolios that have the goal of earning respectable returns in any market environment.
- Regional Transit Districts. HB 231, sponsored by Gail Beam. You have heard me talk of my vision for a true, multi-modal transportation system in New Mexico. We are well on our way to having commuter rail service in operation between Belen and Bernalillo by the end of next year, with plans to extend service to Santa Fe within four years. Regional Transit Districts will be responsible for the operation of this service, and this law allows the RTD's to ask for voters to approve an increase in the gross receipts tax to fund commuter rail operation.

We moved forward in other important areas:

- We provided \$6 million to fund the Job Training Incentive Program to help match the abilities our workforce to the needs of the business community,
- We provided \$900,000 to fund the Economic Development Partnership to market New Mexico, generate solid business prospects, and recruit clients to the state, and
- We funded a unique, web-based program called "E- Mercado New Mexico dot com", that will connect New Mexico businesses with buyers. I'd like to thank my friend, Loretta Armenta of the Hispano Chamber of Commerce, for her help and hard work during the session, particularly in this area.

This was indeed, a business friendly session!

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