

A l b u q u e r q u e E c o n o m i c D e v e l o p m e n t



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Albuquerque MSA Location Profile 2005

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Albuquerque MSA Location Profile 2005

Location

Accessibility

Albuquerque is the economic and geographic center of New Mexico. The city's Sunbelt location provides excellent access to market centers in the Southwest, Central, and Western United States. Interstate 40 and Interstate 25 intersect in Albuquerque providing fast access in all directions.

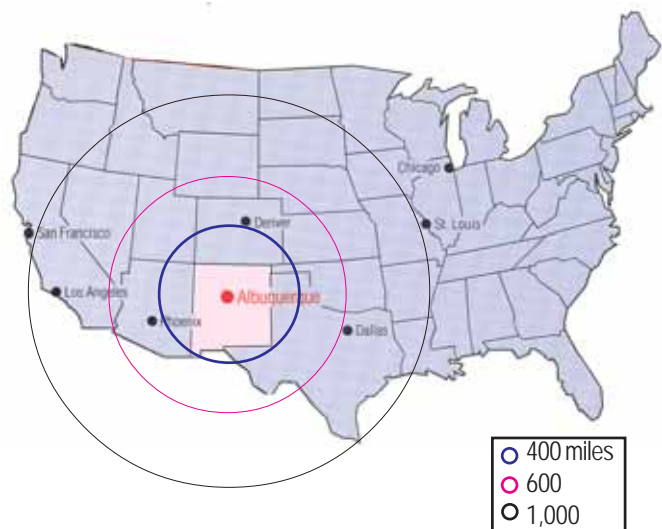
The city is a registered U.S. Port of Entry with its own customs facility, enabling freight cargo to be shipped directly and duty paid locally. In addition, Albuquerque has a designated Foreign Trade Zone, allowing goods to be stored or manufactured in the zone by foreign or domestic business without U.S. customs duty being imposed.

Eight air cargo companies serve the Albuquerque area, providing access to overnight and second-day package delivery service.

Principal Cities And Relational Distances

Albuquerque is in the heart of the Southwest, and its proximity to principal Western cities makes it an ideal location for transportation and distribution.

<u>From Albuquerque to:</u>	<u># of miles</u>
Denver	437
Phoenix	458
Las Vegas	586
Salt Lake City	604
Dallas	644
San Antonio	730
Los Angeles	811
San Diego	816
Houston	987
St. Louis	1042
San Francisco	1109
New Orleans	1157
Atlanta	1269
Chicago	1312
Seattle	1453
New York	1997



The International Herald Tribune has recognized the Albuquerque International Sunport as the “least stressful” airport in the world, based on traveler responses assessing the services and experiences encountered at several airports around the world.

Albuquerque MSA Location Profile 2005

Transportation

Air Transportation

Albuquerque International Sunport is served by eight major airlines and six commuter airlines. The Sunport handles an average of 689 takeoffs and landings per day. Southwest Airlines is Albuquerque’s largest carrier, handling a little more than 50% of the airport’s 6.1 million passengers. Because of the city’s temperate climate, the Sunport has reported just two shutdowns over the past 10 years due to inclement weather.



Albuquerque International Sunport

Airlines

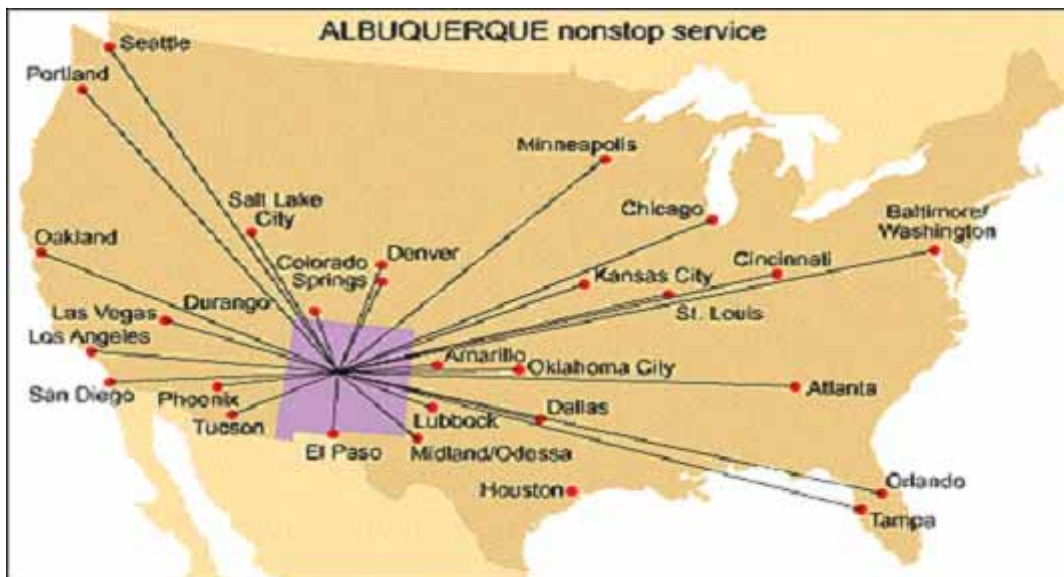
Air Midwest
 America West
 American Airlines
 Continental Airlines

Delta Airlines
 Frontier Airlines
 Horizon Air
 Mesa Airlines

Northwest Airlines
 Rio Grande Air
 Southwest Airlines
 Skywest

United Airlines

Nonstop Destinations



Albuquerque MSA Location Profile 2005

Transportation / Geography



Two major highways (I-25 and I-40) bisect the city, providing national access for 46 motor freight companies in the city (29 with local terminals). New Mexico is a net-consumptive state, resulting in very competitive outgoing freight rates.

Albuquerque rail service includes one freight line and one passenger line. The Burlington Northern & Santa Fe Railway (BNSF) offers a north-south line that connects in Albuquerque and an east-west line which connects in Belen, located 40 miles south of Albuquerque. BNSF makes five trips daily between Albuquerque and Belen.

Amtrak provides rail passenger service throughout New Mexico. The east-west route between Chicago and Los Angeles passes through Albuquerque. Amtrak trains operate by contact over the Burlington Northern & Santa Fe tracks.

By 2007, a new light rail system will serve the metro area from Belen in the south to Bernalillo in the north.

Geography

Albuquerque is located on a high, semiarid plateau. **Albuquerque's elevation of 5,311 feet makes it the highest metropolitan city in America.** Nearby Sandia Peak stretches 10,678 feet above sea level, offering a view of over 100 miles in any direction.

Located along the Rio Grande River basin, the city is bounded by the Sandia Mountains to the east and the volcanic escarpment to the west. Both sides of the river offer wide expanses of land for growing population and industry. The city of Albuquerque is located at 35 degrees latitude and 106 degrees longitude.

Climate

- ❖ Albuquerque averages 304 days of sunshine each year
- ❖ The metro averages 8.88 inches of rain a year and only 4.2 days of snow a year
- ❖ Roughly 50% of the total annual precipitation occurs from June through September
- ❖ The average annual relative humidity is 43.5 %
- ❖ Natural disasters in the metro area are nearly non-existent



Albuquerque MSA Location Profile 2005

Population

Population

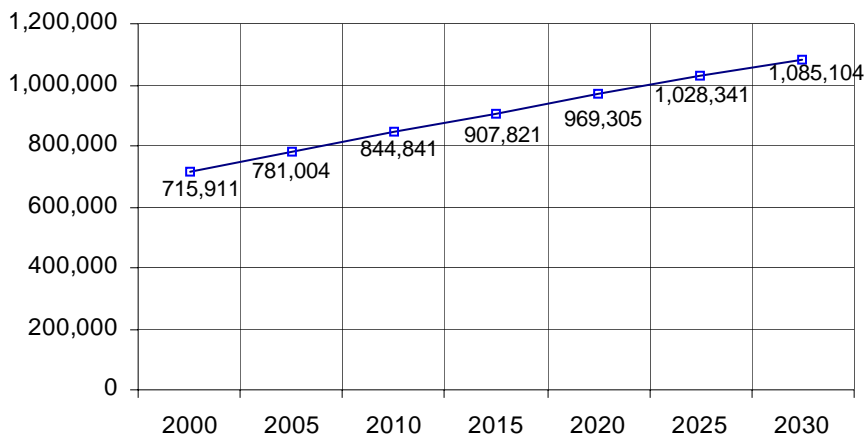
According to 2004 estimates, the Albuquerque metropolitan statistical area (MSA) population totals 758,527. Between the years 1990 and 2000 the metro population increased 20.9 percent from 589,131 to 712,738.

A large portion of the metro's growth has been on the west, with the bedroom communities of Rio Rancho and Corrales. Between 1990 and 2000, Rio Rancho grew by 59.3 while Corrales grew by 34.5 percent.

County	2000 Census Population	2004 Estimated Population
Bernalillo (City of Albuquerque)	556,678	589,033
Sandoval (City of Rio Rancho)	89,908	100,756
Valencia (Cities of Belen, Los Lunas)	66,152	68,738
MSA Population	712,738	758,527

Source: U.S. Census Bureau, Census 2000 and Claritas, Inc..

Albuquerque MSA Population (2000-2030)



Source: University of New Mexico, Bureau of Business & Economic Research.

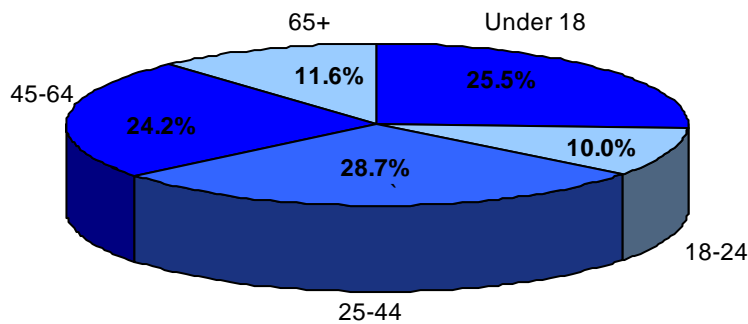
Albuquerque has the fourth highest percentage of residents with graduate and professional degrees among large U.S. cities.
- *American City Business Journals*, March 2004.

Albuquerque MSA Location Profile 2005

Population

Age Distribution

The Albuquerque MSA is comprised of a young population. The average age estimated of an Albuquerque resident is 36.4 years; over half of the population is under 45 years old.

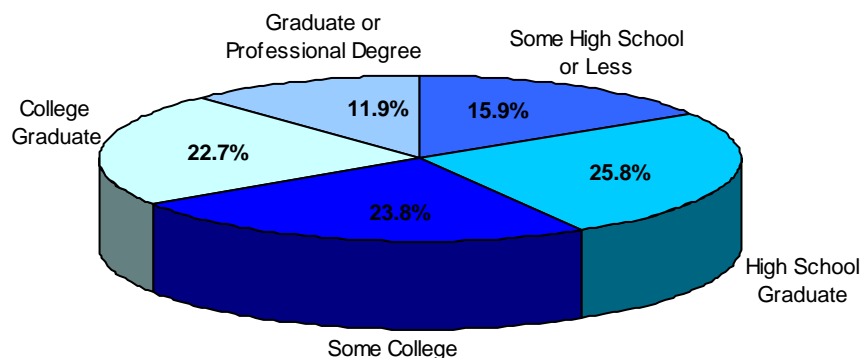


Source: Claritas Inc. 2004 Estimates.

Educational Attainment

On a percentage basis, Albuquerque ranks in the top 25 in the nation for cities with the most college graduates; 28.5 percent of persons 25 or older have a bachelor's degree or higher. New Mexico also has one of the largest concentrations of Ph.D.s per capita in the nation.

Adults 25 Years and Older



Source: Claritas Inc. 2004 Estimates.

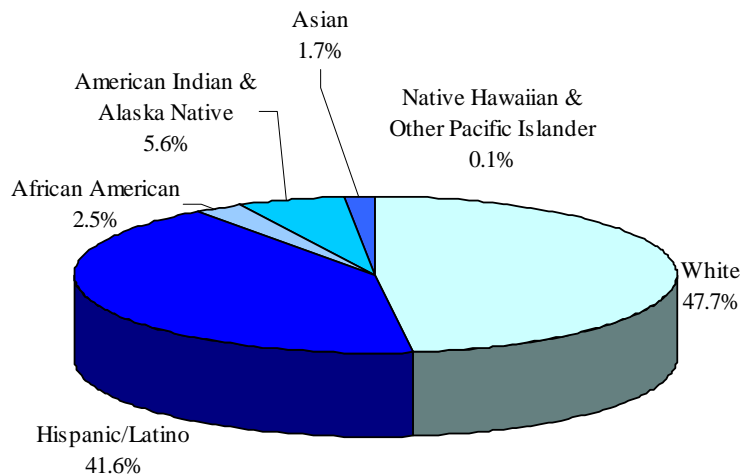
Albuquerque MSA Location Profile 2005

Diversity

Diversity Distribution

New Mexico has long been known for its unique ethnic and cultural diversity, which are defining features of the social landscape. Since the majority of New Mexico's population is concentrated in Albuquerque, the area benefits from a wide variety of cultural activities and celebrations as well as business diversity. The city and state's sundry population benefits companies who are looking for a diverse work force.

According to the 2000 Census, **35.5 percent of New Mexico's population is bilingual**. Of the state's bilingual population, the majority (78 percent) speak Spanish/English.



Numbers do not add to 100% due to exclusion of population that may state some other race or more than one race.
Source: U.S. Census Bureau, Census 2000.

New Mexico's Pueblos and Tribes

In addition to encompassing a large Hispanic/Latino population, Albuquerque's Native American population offers its own unique culture and traditions to the Albuquerque area. Albuquerque is home to the largest powwow (The Gathering of Nations) in North America.

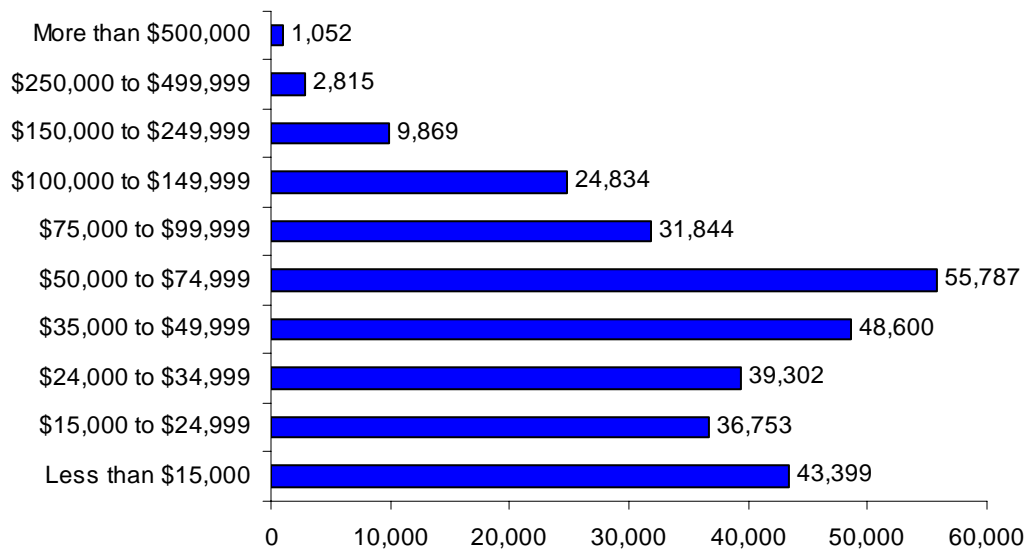
Albuquerque MSA Location Profile 2005

Wages & Income

Income

The median household income for the Albuquerque Metropolitan Area is \$43,541 while the per capita income averages \$22,701. Projections indicate that personal income in both the Albuquerque MSA and the state of New Mexico should increase by more than 30 percent in the coming decade.

Number of Households within Income Ranges
2004 Estimates



2004 Estimates

Income	Dollars
Average Household Income	\$57,843
Median Household Income	\$43,541
Per Capita Income	\$22,701

Source: Claritas Inc.

Albuquerque MSA Location Profile 2005

Wages and Income

Wages and Income

According to the most current Occupational Employment and Wage Estimates, architecture and engineering occupations top the list for the highest paying jobs in Albuquerque followed by management related occupations.

Average Salary by Major Occupation

Major Occupation Category	Hourly Median	Hourly Mean	Annual Mean
Food Preparation & Serving	\$6.82	\$7.43	\$15,450
Building and Grounds Cleaning & Maintenance	\$7.94	\$8.71	\$18,120
Personal Care & Service	\$8.72	\$9.62	\$20,000
Farming, Fishing & Forestry	\$9.12	\$9.91	\$20,620
Sales & Related	\$9.98	\$13.48	\$28,040
Healthcare Support	\$10.30	\$10.73	\$22,310
Transportation & Material Moving	\$11.06	\$12.86	\$26,750
Production	\$11.16	\$12.65	\$26,310
Office & Administrative Support	\$11.46	\$12.30	\$25,590
Protective Services	\$12.33	\$13.55	\$28,180
Construction & Extraction	\$12.81	\$14.03	\$29,180
Arts, Design, Entertainment, Sports & Media	\$14.05	\$15.76	\$32,790
Community & Social Services	\$14.20	\$14.84	\$30,870
Installation, Maintenance & Repair	\$14.53	\$15.75	\$32,750
Education, Training & Library	\$16.07	\$15.82	\$32,900
Legal	\$19.06	\$25.16	\$52,340
Business & Financial Operations	\$21.28	\$22.88	\$47,590
Life, Physical & Social Science	\$21.73	\$25.37	\$52,770
Healthcare Practitioner & Technical	\$23.01	\$28.64	\$59,560
Computer & Mathematical	\$26.55	\$28.45	\$59,170
Management	\$29.15	\$34.52	\$71,800
Architecture & Engineering	\$29.79	\$30.55	\$63,540

Source: U.S. Bureau of Labor Statistics. Occupational Employment & Wage Statistics (OES). May 2004.

Albuquerque MSA Location Profile 2005

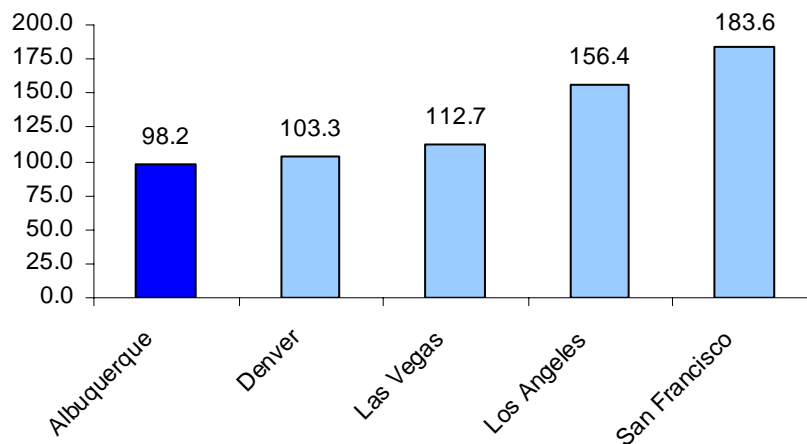
Cost of Living

Cost of Living

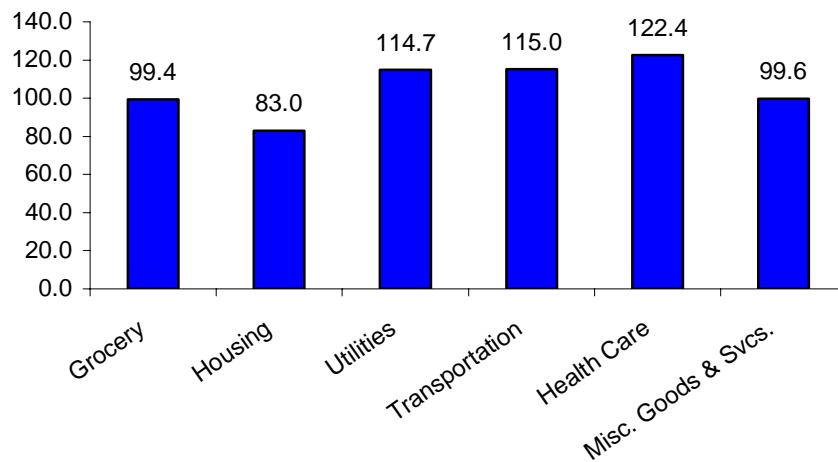
Albuquerque is consistently near the national average mark of the American Chamber of Commerce Researchers Association (ACCRA) Quarterly Cost of Living Index. This study measures intercity differences in the costs of consumer goods and services, excluding taxes and non-consumer expenditures. The index is based on 59 items, with 100 being the index average standard.

The Albuquerque area 4th quarter 2004 ACCRA Cost of Living Index was 98.2, which is down from the previous quarter's 100.8. Historically, the region has ranged between 99 and 103.

Cost of Living Comparisons



Cost of Living Categories



Source: ACCRA Cost of Living Index, 4Q 04, Vol. 37, No. 4.

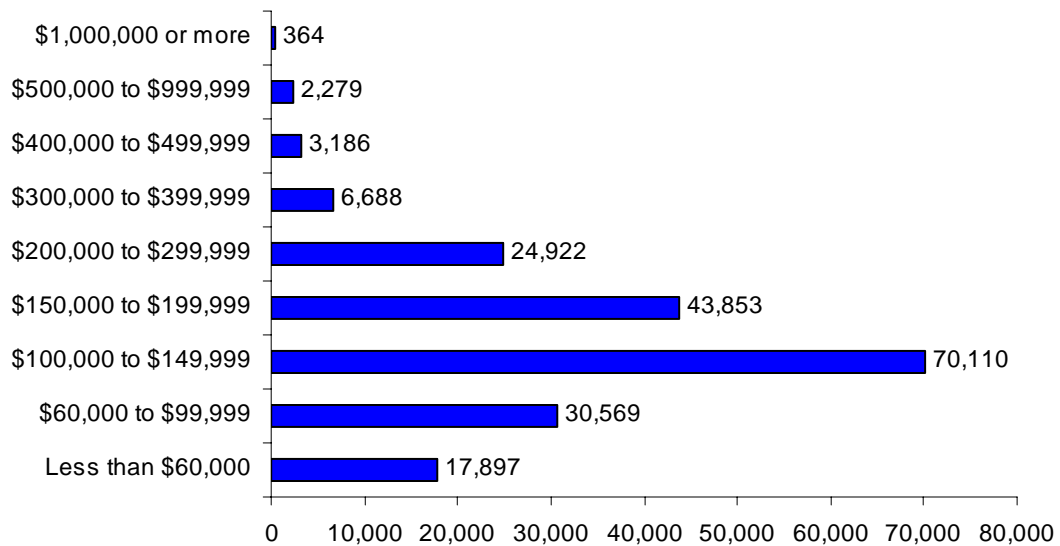
Albuquerque MSA Location Profile 2005

Housing

Housing Market

According to the 2004 estimates, the Albuquerque metro area has 294,255 occupied housing units with approximately 199,868 of those being specified as owner-occupied units. The median value of an owner occupied home in the Albuquerque metro area is roughly \$136,705.

Owner Occupied Home Values 2004 Estimates



Source: Claritas, Inc.

Single home valuations in Albuquerque are 14 percent below the expected level based on such factors as population density, incomes and historical price norms for each market.
The Wall Street Journal, February 2005.

Albuquerque MSA Location Profile 2005

Housing

Housing Rental Rates

According to the 2000 US Census, almost 60% of the homes in the Albuquerque metro area are owner occupied. The area offers residents an array of housing prices and construction styles. Nonetheless, the Albuquerque area has a large supply of affordable rental housing. There are some 65,000 apartment units in Albuquerque. In addition, several new constructions are underway, particularly in the downtown area.

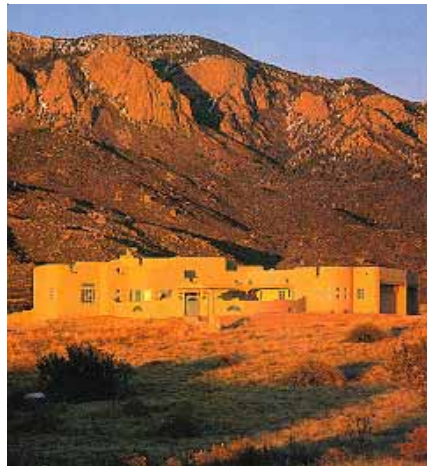
Average Monthly Rent Per Square Foot

\$0.75

Average Monthly Rental Rates

Efficiency	\$419
1 Bedroom	\$531
2 Bedrooms/1 Bath	\$595
2 Bedrooms/2 Bath	\$729
3 Bedrooms	\$720

Source: Apartment Association of New Mexico, 4th Qtr 2004 Comprehensive Apartment Market Survey. Rates quoted are with all utilities paid.



Home near Sandia Mountains

Albuquerque MSA Location Profile 2005

Education

Primary Education

The city of Albuquerque has one school district: Albuquerque Public Schools (APS). In the 2003-2004 school year, 90,214 students attended one of 126 APS schools. APS consists of 80 elementary schools, 26 middle schools, 11 high schools and 9 alternative schools. The APS district employs nearly 12,000 full-time staff.

APS schools perform well in standardized testing as well as in other methods of measuring success. Eighty-three percent of APS tenth graders pass the New Mexico High School Competency Exam. In addition, APS has 23 National Schools of Excellence (U.S. Department of Education) - one of the highest in the nation. In addition, APS teacher to pupil ratios are also relatively low:

High School	1:27
Middle School	1:26
Elementary School	1:22 (Grades 1 - 3) 1:24 (Grades 4 - 5)

Rio Rancho, Los Lunas, and Belen each have their own school districts with a total of more than 24,000 students.

The Albuquerque MSA also has an excellent selection of private and parochial schools. Approximately 13 percent of Albuquerque's children attend one of over 70 private or parochial schools in the community. The Albuquerque Academy is considered to be one of the area's top private, nondenominational schools and is first among area independent schools in endowment. Some of the larger private/parochial schools include:

Albuquerque Academy	Manzano Day School	Mountain View Academy	Sandia Preparatory School
Bosque Preparatory	Menaul School	Sandia Heights Academy	St. Pius X High School

Albuquerque MSA Location Profile 2005

Education

Lottery Scholarships

All resident New Mexican high school students with at least a 2.5 out of 4.0 grade point average are eligible for a New Mexico Lottery Scholarship, which pays for students to attend a state college tuition free. The scholarship is funded by a New Mexico Lottery program in which 100 percent of lottery net proceeds go to the Lottery Tuition Fund.

The lottery scholarship pays for eight semesters of tuition, beginning with the student's second semester, providing the student attends full-time and maintains a 2.5 out of 4.0 GPA. The lottery program has improved the public education system in the state as New Mexico colleges and universities have reported record enrollment since the program's inception in 1996.

Of the 13,980 students awarded lottery scholarships during the program's first four years, 78 percent either remained enrolled or had completed degree programs by fall 2000. To date, the Lottery has contributed over \$210 million to New Mexico's education.

Higher Education

Albuquerque has an excellent higher educational system as well. The University of New Mexico (UNM) and Albuquerque Technical Vocational Institute (TVI) each offer first-rate curriculum to more than 21,000 students. In addition, many other institutions of higher education are located in the area.

<u>Institution</u>	<u>Enrollment</u>	<u>Description</u>
Albuquerque TVI	21,000	Vocational school
College of Santa Fe	900	Evening & weekend degree programs
Highlands University	750	Adult BA & MBA degrees
ITT Technical	300	Vocational school
National American University	550	Specialized degrees
Pima Medical Institute	500	Medical vocational school
SW Indian Polytechnic Institute	750	Vocational school
University of New Mexico	24,760	State University
University of Phoenix	1,490	Adult BA & MBA degrees
Webster University	468	Prof. Masters degrees

The University of New Mexico's graduate programs in law and medicine rank among the best in the nation.
- *U.S. News & World Report, 2005.*

Albuquerque MSA Location Profile 2005

Education

The University of New Mexico (UNM)

The University of New Mexico (UNM) has more than 24,700 students at its 600-acre Albuquerque campus, and over 32,000 students statewide. UNM has more than 5,900 student enrolled in graduate and professional degree programs. Full-time faculty number more than 1,300. UNM's Division of Continuing Education and Community Services serves approximately 20,000 students annually in various certificate courses, workshops and training sessions.



UNM offers bachelor's degrees in more than 140 accredited disciplines, master's degrees in 83 fields and doctoral degrees in 42 areas, as well as degrees in law and medicine.

As the state's major research university, UNM enrolls 80% of New Mexico's Ph.D. candidates. UNM's excellent research facilities include:

Center for Advanced Studies
Center for Micro-Engineered Materials
New Mexico Engineering Research Institute
High Performance Computing Education & Research Center

Clinical & Magnetic Resonance Research
Center for High Technology Materials
Microelectronics Research Center
Manufacturing Engineering Training & Tech Center

Albuquerque Technical Vocational Institute (TVI)

TVI is New Mexico's largest and most comprehensive community college. About 21,000 students take advantage of TVI's certificate programs, associate degrees, and continuing education offerings at its four Albuquerque campuses. Instructional departments include technologies, trades, business occupations, arts and sciences, developmental studies, and health occupations.

TVI has a wide selection of continuing education programs and specializes in developing its nationally recognized customized training programs to meet specific company needs. Through its customized workshops, courses and training programs, TVI has earned a reputation as a key industry partner in developing and training New Mexico's productive work force.

Albuquerque MSA Location Profile 2005

Healthcare

Healthcare

Albuquerque is the center for advanced medical treatment for the state of New Mexico, as well as portions of eastern Arizona, southern Colorado, and west Texas. Because the city's area of influence is so wide, the number of facilities and the extent of care available to the local resident is much greater than that of most cities its size. Additionally, several of the city's hospitals, research organizations, and medical research corporations have gained a national reputation for their innovative techniques, products and programs.

- ❖ Presbyterian Hospital ranked 9th in the U.S. among more than 500 integrated healthcare networks in a 2004 nationwide study.
- ❖ The University of New Mexico Hospital has been named one of the top 15 Major Teaching Performance Improvement Hospitals in a 2004 nationwide study.
- ❖ Albuquerque has more than 1,400 medical and osteopathic doctors and some 300 practicing dentists
- ❖ The metro area has nine general hospitals with approximately 2,900 beds

Major Hospitals*	Licensed Beds	Staffed Physicians
Presbyterian	453	648
University of New Mexico	374	450
Albuquerque Regional Medical Center	254	60
Lovelace Hospital	221	251
West Mesa Medical Center	101	60
Major Health Maintenance Organizations**	Members	Participating Physicians
Presbyterian Health Plan	272,855	4,500
Lovelace Health Plan	232,000	2,580
Blue Cross/Blue Shield of NM	170,530	5,100
Molina Healthcare of New Mexico	140,000	2,600
HMO New Mexico	58,000	4,890

*Data is for largest hospital location only

** Includes statewide members and participating physicians

Albuquerque MSA Location Profile 2005

Recreation & Culture

Recreation

Albuquerque's mild climate makes outdoor recreational activities possible year-round. The metro area offers a variety of outdoor activities including golf, hiking, camping, horseback riding, and picnicking during every season.



- ❖ There are some 800 parks throughout the city and over 80 miles of running and biking trails
- ❖ New Mexico has 31 State Parks and 13 National Parks
- ❖ Albuquerque has purchased and dedicated nearly 20,000 acres as permanent open space
- ❖ Petroglyph National Monument preserves tens of thousands of Native American petroglyphs etched in the volcanic escarpment



From Thanksgiving to Easter there is normally sufficient snow at the higher elevations for downhill and cross-country skiing. For dazzling views and access to skiing and wilderness areas, residents and visitors can take the Sandia Peak Tram, the longest single-span tram in the world. Other popular activities in the area include hot air ballooning, golfing, mountain climbing, hunting, fishing, and hang-gliding. Sailing and water-skiing are found at several nearby lakes.

Sports fans appreciate the city's amateur and professional sports teams. The New Mexico Scorpions, part of the Western Professional Hockey League, play for fans at Albuquerque's Tingley Coliseum. The area's Triple A baseball team, the Albuquerque Isotopes, entertain fans in a new multimillion dollar stadium. Isotopes Park, a nationally acclaimed stadium, also hosts Major League Baseball games. In addition to these popular professional teams, the community also rallies around the University of New Mexico's 16 varsity teams.

- ❖ Albuquerque is home to the Rio Grande Zoological Park, a nationally recognized 60-acre zoo
- ❖ Other city attractions include the Albuquerque Biological Park, which contains an extensive aquarium and botanical garden
- ❖ The Natural History Museum, which houses the LodeStar Astronomy Center
- ❖ The Beach Water Park and Cliff's Amusement Park

Albuquerque MSA Location Profile 2005

Recreation & Culture

Culture



Santa Fe Opera

The Albuquerque-Santa Fe Region has become a nationally recognized mecca for the arts, offering audiences everything from innovative theater to brilliant classical performances. The area is a prolific art center offering a vast array of visual and musical arts, and is home to numerous artists of rare talent. Local galleries offer a rich display of local, national and international art.

Albuquerque has over 40 art galleries, 20 museums and some 30 performing arts groups while Santa Fe boasts 250 art galleries, 12 museums and some 20 performing arts groups. Albuquerque’s performing arts are vibrant with nearly a dozen drama companies, opera, ballet, the June Music Festival (chamber music), various choral groups, the Albuquerque Youth Symphony, and the New Mexico Symphony Orchestra. In addition to these resident professional groups, the University of New Mexico offers excellent facilities for guest artists and road-show series.

Albuquerque is home to the National Hispanic Cultural Center and the Indian Pueblo Cultural Center. Both facilities offer traditional art and cultural exhibits, craft demonstrations, museums, restaurants, and gift shops.

Events

Month

Attendance

New Mexico Arts & Crafts Fair	June	15,000
Chamber Music Festival	June - August	12,000
Santa Fe Opera	July - August	74,000
The Gathering of Nations Powwow	August	45,000
Santa Fe Fiesta (Zozobra)	September	27,000
Duke City Marathon	September	17,500
New Mexico State Fair	September	1,749,300
New Mexico Symphony Orchestra	Sept. - May	112,000
Albuquerque Intl. Balloon Fiesta	October	1,500,000



Sandia Tram

“Albuquerque rated best among the various factors that we studied, including quality of labor, operating costs, electric reliability, transportation and leadership support.”
 - Robert Trussell, Jr., Tempur-Pedic International CEO

Albuquerque MSA Location Profile 2005

Workforce

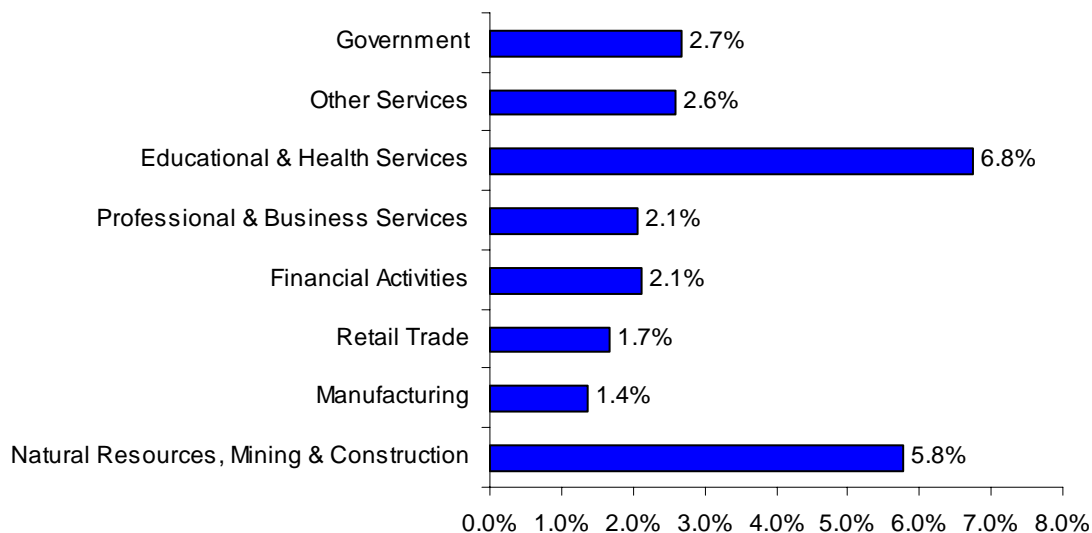
Labor

The Albuquerque metro region has a substantial labor force in terms of both size and productivity. In February 2005, Albuquerque’s labor force was approximately 401,400 with a seasonally adjusted unemployment rate of 5.4 percent. The national unemployment rate for the same period was 5.4 percent. Albuquerque’s employment accounts for roughly 44 percent of the state’s total employment.

Albuquerque MSA Historical Civilian Labor Force*				
	Labor Force	Employed	Unemployed	Rate
2004	394,758	374,228	20,530	5.2%
2003	390,430	368,870	21,560	5.5%
2002	383,727	365,667	18,060	4.7%
2001	347,334	335,808	11,526	3.3%
2000	376,615	364,069	12,546	3.3%
1999	359,829	345,762	14,067	3.9%
1998	367,289	350,518	16,771	4.6%
1997	359,723	344,279	15,444	4.3%
1996	349,039	330,344	18,695	5.4%
1995	345,395	331,343	14,052	4.1%
1994	336,043	321,192	14,851	4.4%

* Not seasonally adjusted

Annual Industry Growth (February 2004-2005)

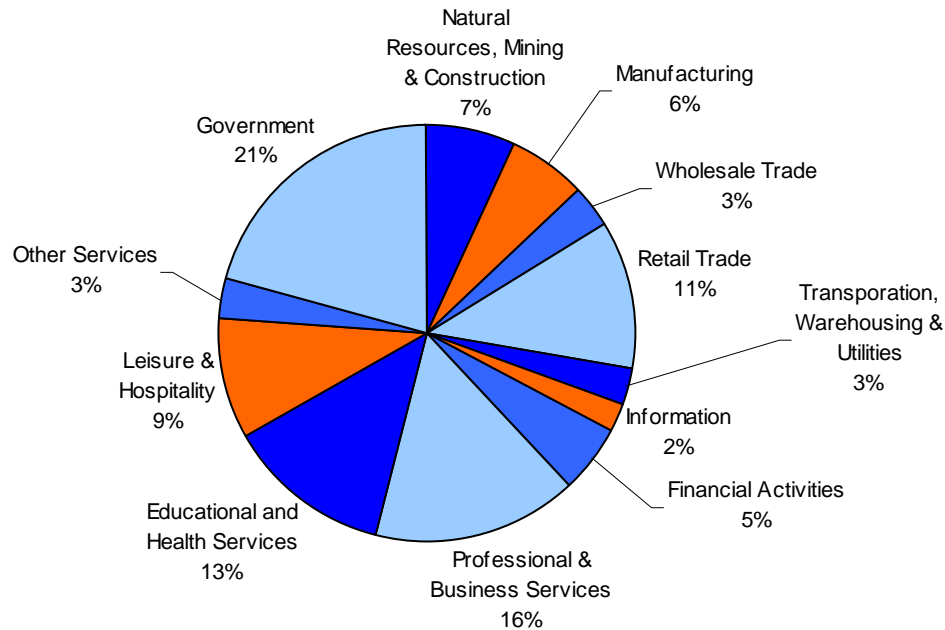


Source: New Mexico Department of Labor, Economic Research & Analysis Bureau.

Albuquerque MSA Location Profile 2005

Workforce

Industry Sector Percentage Share (February 2005)



Source: New Mexico Department of Labor, Economic Research & Analysis Bureau

Workforce Productivity & Union Activity

New Mexicans exhibit an unusually high level of productivity in the workforce. New Mexico's labor force is often cited by various studies, including ones by Grant Thornton and Expansion Management as being first in the nation for workforce productivity. Most recently, a study conducted by Area Development Magazine, ranked the Albuquerque metro area **number one for manufacturing productivity in terms of dollars of output per worker**. In addition, a study conducted by The Pathfinders group, found that 72% of Albuquerque employers polled considered workforce productivity to be "Good to Excellent."

New Mexico is a non-Right to Work state. Less than 7 percent of Albuquerque's total workforce is unionized; only six local manufacturers have unionized workforces. The vast majority of unionized operations are public employees, major food chains, and teachers.

A union election is held whenever an employer, union, or group of employees petitions the National Labor Relations Board.

Albuquerque MSA Location Profile 2005

Workforce Development

Workforce Development

Department of Labor (www.dol.state.nm.us)

The New Mexico Department of Labor operates three workforce development centers in the MSA. The Workforce Development Centers match the needs of employers with the skills of job seekers by offering the following benefits to employers looking for local labor:

Federal & state tax credits
Internet recruitment
Labor market information

Recruitment assistance
On-the-job training program

Literacy & proficiency testing
Pre-screening assistance

The Department, at no charge, will pre-screen applicants to a client's basic criteria, turning over a list of those meeting the criteria to the company for further interview.

TVI Workforce Training Center (<http://planet.tvi.cc.nm.us/wtc>)

The **Albuquerque Technical Vocational Institute (TVI)** has a wide selection of continuing education programs and specializes in developing customized training programs to meet specific company needs. It is through its customized workshops, courses and training programs that TVI has earned its national reputation as a key industry partner in developing and training New Mexico's most productive workforce.

TVI's Workforce Training Center is housed in a new facility that offers video-conferencing capabilities, a high-bay area for large pieces of equipment, computer stations, general office space, and classrooms for over 900 students.

Albuquerque Technical Vocational Institute can assist in a company's training programs in the following ways:

Make **instructors available on-site** to teach TVI courses or customize training programs defined by the company. These programs can include classroom and production floor work.

Lease equipment or use the company's equipment on or off-site to train employees or potential employees on the use of **specialized equipment**. An off-site pre-employment training program can be used to help identify the best qualified applicants prior to their hire.

TVI charges a \$50/hour instructional service fee (including preparation time). If these services are used in conjunction with the Job Training Incentive Program, the services are offered at **no cost**.

Workforce Development

Workforce Development, continued

UNM Career Works (505) 277-0562

UNM CAREER Works is a UNM Division of Continuing Education and Community Services Project that helps employers to find reliable, motivated employees. UNM CAREER Works helps qualified residents of Bernalillo County to make responsible choices, which will gain them entry into the paid workforce and opportunities for the pursuit of career paths.

UNM CAREER Works provides the following services to qualified residents of Bernalillo County:

- Assessment of skills, employment history and educational levels
- Streamlined employability skills training, including job-seeking, workplace orientation, communication and computer skills
- Job placement assistance
- Job retention and career path guidance
- Networking with the region's employers to identify paid jobs and meaningful career paths for qualified applicants
- Access to skills training consistent with the competitive needs of today's quality workforce.

Albuquerque MSA Location Profile 2005

Technology

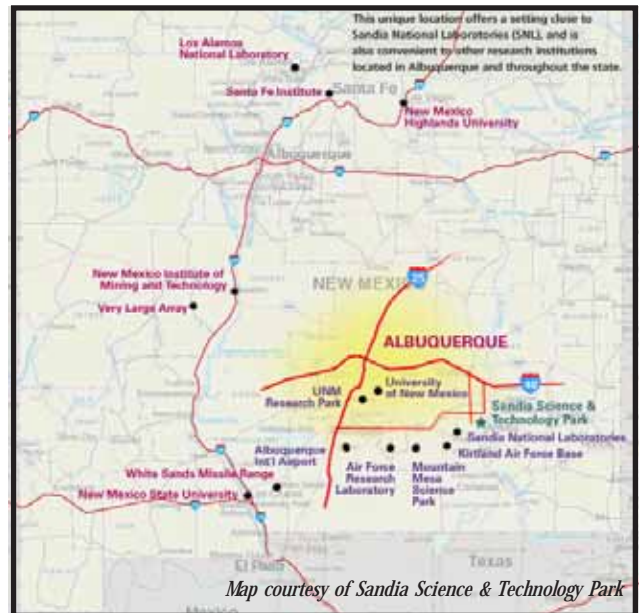
Science and Technology Corridor

Manufacturing and service related companies have the opportunity to tap into one of the world's greatest concentrations of technology assets within the Albuquerque metro area. The New Mexico Technology Corridor, stretching from Los Alamos National Laboratory northwest of Santa Fe to New Mexico State University just north of the Mexican border, contains an array of technology-based organizations. Renowned institutions along this corridor include:

Sandia National Laboratories - Albuquerque
University of New Mexico - Albuquerque
Lovelace Respiratory Research Institute - Albuquerque
Air Force Research Laboratory - Albuquerque
Los Alamos National Laboratory
The Santa Fe Institute
White Sands Missile Range
New Mexico Institute of Mining and Technology
New Mexico State University

Other high technology benefits include:

- One of the nation's highest per capita concentrations of engineers and scientists
- One of the largest expenditures of R&D money per capita in the U.S.
- A large selection of competitive, easily accessible, state-of-the-art research labs
- Cooperative research and development partners already collaborating on high-technology projects with the area's national laboratories
- A vast network of quality high-technology vendors and suppliers
- An unrivaled fiber-optic information infrastructure along the corridor



Albuquerque MSA Location Profile 2005

Technology

Technology Commercialization

With nine world-class science, technology and R&D centers, New Mexico's entrepreneurial climate is unique, and both the state and the city of Albuquerque offers innovative programs to capitalize on technology transfer opportunities.

One catalyst moving technology to the private sectors is Technology Ventures Corporation (TVC). TVC is a nonprofit organization founded by Lockheed Martin to help identify technologies with commercial potential, develop business capabilities, and seek capital. TVC has brought over \$300 million in investment to the state, creating some 40 new businesses and over 3,125 jobs. TVC (www.techventures.org) assists entrepreneurs seeking help in commercialization and investors seeking profitable investment opportunities in New Mexico.

The state has instituted programs to lure more VCs into the area as well as programs that allow the state to directly invest in new and expanding companies.

Sandia has instituted an entrepreneur leave-of-absence program. Engineers at the lab can take up to two years leave of absence from their federal government jobs to work in the private sector. Typically, these spin-offs are in the semiconductor, optics, aeronautics, and environmental sectors.

The U.S. Department of Energy also transfers engineers into the private sector on a contract basis using a technical assistance program. The federal government has a program in place which subsidizes area businesses who want to hire a Sandia engineer on a short-term basis to solve a tricky manufacturing or materials handling problem.

Albuquerque MSA Location Profile 2005

Technology

The Flying Forty

The 2004 Flying Forty is a list of New Mexico's top grossing high tech companies. In fiscal year 2003, total revenue from the high tech companies was some \$724 million. Total employment equaled just under 3,700 employees.

	Company Name	Description
1	Applied Research Associates, Inc.	Engineering, research and development
2	Abba Technologies, Inc.	Design and implementation of high-performance computing solutions
3	Adherent Technologies, Inc.	Specialty materials and processes
4	Applied Technology Associates	R&D in measurement & control, optical imaging, and software & data systems
5	Computer Corner, Inc.	Provider of customized and build-to order computers, communications products, and IT products and services
6	CVI Laser LLC	Manufacturer of laser optics and optical casings
7	Decade Optical Systems, Inc.	R&D, design, assembly and automated production of advanced laser systems
8	Digital Traffic Systems	Surveillance & monitoring systems
9	EMCORE	Maker of compound semiconductor industry products for broadband and wireless use
10	Energy Control, Inc.	Automations, security and technology-based solutions for facility owners
11	Fiore Industries, Inc.	R&D in engineering and high energy pulsed power systems and IT support services
12	Holman's Inc	Provider of high-end computers and peripherals, software and technical support
13	HYTEC, Inc	Complex mechanical, structural, and thermal solutions
14	innovASIC, Inc.	Specializes in producing replacement integrated circuits
15	Intellite, Inc.	Manufacturer micromachined deformable mirrors, computer-interfaced drive electronics, and adaptive optics systems
16	Ktech Corporation	Engineering, specialty manufacturing and consulting
17	Lectrosionics, Inc	High performance, high value wireless and audio products
18	Management Sciences, Inc.	Collaboration network developer
19	Mechanical Solutions Inc	Provider of electronic and mechanical engineering services and manufacturing services
20	Meso Systems Technology, Inc.	Developer and manufacturer of environmental safety and security products
21	MIOX Corporation	Water treatment manufacturer
22	MZA Associates Corporation	High-energy laser weapons research and analysis
23	Network Architects Corp	Computer network design and support services
24	Omicron Safety & Risk Technologies, Inc.	Safety and risk-management consultant
25	Optical Insights, LLC	Provider of spectral and polarization imaging products
26	PhDx Systems, Inc.	Provider of web based software applications for healthcare industry
27	POD, Inc.	Development, maintenance and support of information systems
28	Quasar International, Inc.	Manufacturer of Process Compensated Resonant Inspection equipment
29	Sagebrush Technology, Inc.	Motion control devices
30	SAMBA Holdings, Inc.	Provider of proactive risk monitoring
31	Sandia Aerospace	Provider of avionic fuel systems, altitude data systems and switching systems
32	SBS Technologies, Inc.	Maker of open-architecture, standard bus embedded computer components
33	Schafer Corporation	Scientific analysis & engineering solutions in the areas of defense, space and energy
34	Software Solutions, Inc.	Software implementation services
35	Star Cryoelectronics, LLC	Develops & manufactures ultra-sensitive Superconducting Quantum Interference Device (SQUID) sensors and advanced PC-based SQUID control electronics products
36	Stolar Horizon, Inc.	Manufacturer of subsurface sensor products for oil, gas and mining industries
37	Team Specialty Products	Electronics fabrication and assembly fabrication and assembly
38	Technology Management Co.	Personnel management and logistics support services
39	TMC Design Corporation	Engineering, circuit design, systems integration, and field test support
40	WaveFront Sciences, Inc.	Design and manufacture of micro-optics and wavefront sensor based instrumentation

Albuquerque MSA Location Profile 2005

Existing Companies

Major Employers in the Albuquerque Metro Area

<u>Organization</u>	<u>Employees</u>	<u>Description</u>
Kirtland Air Force Base (Civilian)	17,125	Air Force Materiel Command
University of New Mexico	15,835	Educational Institution
Albuquerque Public Schools	11,700	Educational Institution
Sandia National Laboratories	7,700	Research & Development
City of Albuquerque	6,940	Local Government
Presbyterian	5,800	Hospital/Medical Services
State of New Mexico	5,660	Government
Lovelace Sandia Health System	5,400	Hospital/Medical Services
Kirtland Air Force Base (Military)	5,240	Air Force Materiel Command
Intel Corporation	5,200	Semiconductor Manufacturer
UNM Hospital	4,380	Hospital/Medical Services
United States Post Office	2,200	Government
Albuquerque Technical Vocational Institute	1,850	Educational Institution
PNM Electric & Gas Services	1,790	Utilities Provider
Bernalillo County	1,780	Government
Veterans Affairs Medical Center	1,700	Hospital/Medical Services
T-Mobile	1,410	Customer Service Center
Rio Rancho Public Schools	1,405	Educational Institution
Qwest Communications	1,400	Telecommunications Provider
Bank of America	1,360	Financial Institution
Sandia Casino	1,335	Casino
Citibank	1,250	Credit Card Collection
Albuquerque Publishing Company	1,200	Publisher
Los Lunas Public Schools	1,200	Educational Institution
Honeywell Defense & Space Electronic Systems	1,150	Aircraft Avionics Manufacturer
Isleta Gaming Palace	1,100	Casino
Sprint PCS	900	Customer Service Center
ClientLogic	850	Technical Support Center
Blue Cross/Blue Shield	830	Claims Processing
America Online	800	Customer Service Center
Express Scripts	750	Prescription Mail Order
Santa Ana Star Casino	680	Casino
ARCA/InterCare	650	Non-profit Organization
eTelecare Global Solutions (formerly Phase 2 Solutions)	650	Customer Service Center
Wells Fargo	650	Financial Institution
Albuquerque Teleservice Center for Social Security	620	Customer Service Center
Victoria's Secret Direct	580	Catalogue Support Center
Ethicon Endo-Surgery	550	Medical Instruments Manufacturer
GE Aircraft Engines	500	Aircraft Engine Manufacturer
The Bell Group	500	Jewelry Products Manufacturer
Thomas & Betts	445	Electrical Connectors Manufacturer
Southwest Airlines Reservation Center	440	Customer Reservation Center

Note: Numbers are subject to revision. Figures are updated annually and as new data becomes available regarding current changes in employment.

Albuquerque MSA Location Profile 2005

Existing Companies

New Businesses in Albuquerque Metro Area

Company	Start-up Date	Initial Employment	Company/Facility Description
Merillat Industries	2006	700	Cabinet maker
Tempur-Pedic	2006	300	Mattress manufacturer
U.S. Forest Service	2004	750	Financial services operations
Stainless Motors, Inc.	2004	20	Stainless steel products manufacturer
eTelecare Global Solutions (formerly Phase 2 Solutions)	2004	300	Customer service center
QorTek Inc.	2004	20	Electronics research and product manufacturer
Intersections Inc.	2003	110	Customer service center
LifeMasters Supported SelfCare, Inc.	2002	100	Patient support center
Noteworthy Industries, Inc.	2002	15	Plastic and paper promotional products
Gap Inc.	2001	300	Corporate shared services center
MesoFuel, Inc.	2001	8	Energy and fuel cell technology
Eclipse Aviation	2000	175	Personal jet manufacturer and headquarters
Sennheiser Electronic GmbH	2000	45	Printed circuit boards, wireless headphones and digital wireless microphones
Xilinx	2000	75	Programmable logic devices

Albuquerque MSA Location Profile 2005

Existing Companies

Expanding Businesses in Albuquerque Metro Area

Company	Expansion Date	Additional Employment	Company Description
Eclipse Aviation	2004-2007	300	Personal jet manufacturer
Honeywell Defense Avionics	2004-2005	100	Avionics control systems manufacturer
Gap, Inc.	2004	40	Corporate shared services center
Blue Cross / Blue Shield of NM	2004	100	Insurance claims processor
Ktech Corporation	2003-2008	126	Operations, maintenance and engineering
Boeing-SVS, Inc.	2003-2004	100	Laser and optics manufacturer
Thomson Elite (formerly ProLaw Software)	2003	45	Software developer
Cardinal Health	2003	155	Sterile injectables manufacturer
Insight Lighting	2003	20	Architectural lighting fixtures manufacturer
T-Mobile	2003	100	Customer service center
ClientLogic	2002-2003	500	Customer service and technical support center
Applied Technology Associates	2002	50	Research & development
Blue Cross / Blue Shield of NM	2002	500	Insurance claims processor
Goodrich Aerospace	2002	43	Aerospace components manufacturer
United Health Care/Uniprise	2002	110	Customer service center
Victoria's Secret Catalogue	2001	380	Catalogue support center
CVI Laser Corporation	1999	140	Laser optical components manufacturer
General Technology Corporation	1999	35	Printing boards and electronics for aerospace industry

Albuquerque MSA Location Profile 2005

Commercial Real Estate

Real Estate

Office Market

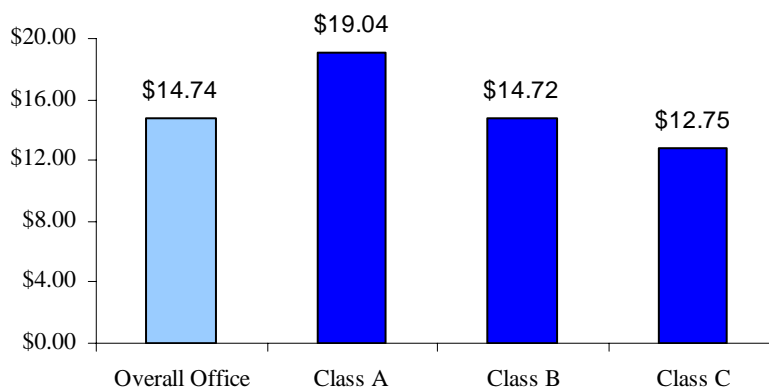
The Albuquerque metro area is often recognized as one of the top business real estate markets in the nation. In October 2004, Expansion Management magazine ranked Albuquerque number 10 on the “40 Hottest Real Estate Markets” in the United States. The area has abundant real estate choices and affordable prices. The diversity of Albuquerque’s market provides a variety of locations for office and industrial companies seeking to expand or relocate. In addition, there are competitive build-to-suit opportunities across the metro area.

The competition to attract new tenants in the Albuquerque area is fierce, which keeps the cost of space quite low. The average high asking rental rate remained low at \$14.74 for the fourth quarter of 2004. Although office growth is substantial throughout the city, a fair amount of development has been on the city’s West Side while the North I-25 Corridor continues to be a hot spot for development.

Fourth Quarter 2004

- The **net rentable area** totals 8,632,824 square feet
- The office **vacancy rate** is 15.8 percent
- **Average high rental rate** across all classes is \$14.74 per square foot

**Average High Rent Rate
4th Quarter 2004**



Source: Building Interests Inc. Research Report, 4th Quarter 2004.

Albuquerque MSA Location Profile 2005

Commercial Real Estate

Real Estate, continued

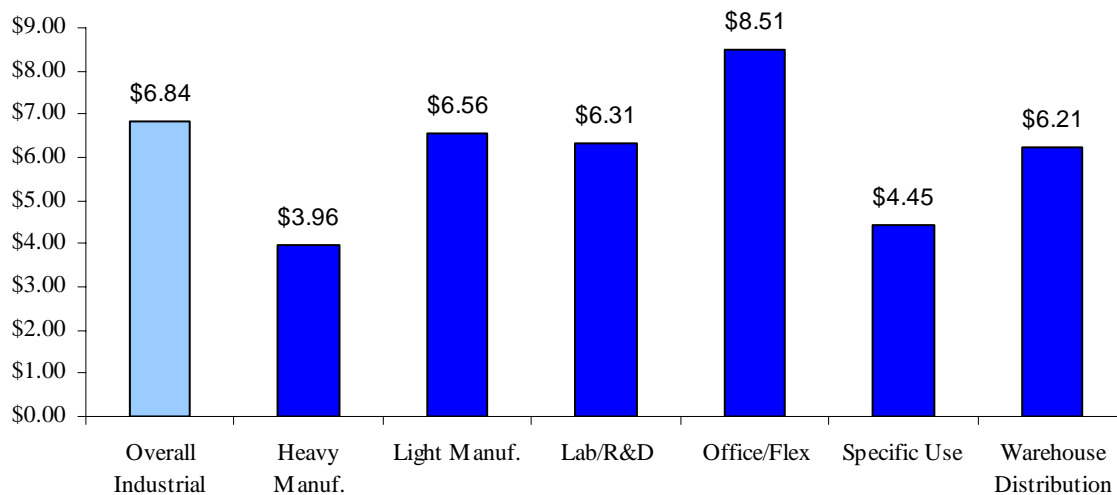
Industrial Market

The population and business growth on the West Side has lead to the development of several industrial properties that can accommodate users of multiple sizes and industries. Nonetheless, the North I-25 Corridor continues to be a hot spot for industrial users. Industrial property in the Albuquerque metro area is fairly inexpensive for companies looking to expand or relocate.

Fourth Quarter 2004

- Available industrial property totals 3,020,636 square feet
- Industrial vacancy rate is 8.2%
- **Average high rental rate** across all industrial facility types is \$6.84 per square foot

**Average High Rent Rate
4th Quarter 2004**



Source: Building Interests Inc. Research Report, 4th Quarter 2004.

Albuquerque MSA Location Profile 2005

Utilities

Electricity & Natural Gas

Albuquerque electricity is provided by the Public Service Company of New Mexico (PNM), an investor-owned electric and gas utility. PNM serves about 100 communities in New Mexico. New Mexico has an abundant supply of electricity from coal-burning plants (primary), natural gas, hydropower, and petroleum sources.

PNM is able to supply reasonably priced, large quantities of electricity for residential and commercial use. The supply and relative low-cost of energy helps the Albuquerque MSA continue to develop and employ in all sectors of the economy. PNM also is able to maintain an excellent reliability record. Over the past ten years, they have maintained an average reliability rating of 99.986%.

Albuquerque's natural gas is also provided by the Public Service Company of New Mexico. Since New Mexico is the fourth largest gas producer in the United States and has the second largest reserves in the U.S., Albuquerque has an abundance of natural gas at costs among the lowest in the nation. PNM also offers large gas users the option of purchasing gas from a third party and transporting it over PNM lines.

Utility deregulation is scheduled for 2007.

Water

The City of Albuquerque has taken a number of far-reaching steps in the past few years to ensure an adequate, safe, and guaranteed supply of water for residential, commercial, and industrial uses well into the future.

Albuquerque's water comes from an underground aquifer. The City has recently adopted a new plan for water management that includes the use of river water, recycled water, ground water from the shallow aquifer, and water from the deep aquifer to protect the city's water supply. The City also owns a substantial amount of water from the San Juan-Chama Diversion Project in Northern New Mexico, which, beginning in 2007, will infuse more than 15 billion gallons of water annually into the city.

Not only is the City examining other sources of water, it is emphasizing the importance of water conservation in all areas of use. In a three-year period, Albuquerque has reduced its water use by 22 percent. The majority of the conservation has come from the residential and institutional customers. Simple financial incentives for utilizing low-flow toilets, and "xeriscaping" instead of landscaping, have significantly helped this conservation process.

Together, these steps have helped Albuquerque ensure that there will be ample quantities of clean, safe water for business and residential use in the future.

Albuquerque MSA Location Profile 2005

Utilities

Telecommunications

Albuquerque benefits from the use of digital technology by **Qwest**, **Time Warner Telecom**, **Xspedius** (formerly e.spire Communications), **and MCI**. A more recent entrant, McLeod USA, is building its fiber network and currently offers both long distance and local dial tone service. Qwest employs digital technology throughout most of its Albuquerque facilities with the local central office a 5ESS Digital Switch; Time Warner, Xspedius and MCI are 100% digitally switched. There are POPs throughout the metro area, most notably in the North I-25 Corridor and Downtown. There is a sonet ring around these areas.

Qwest offers a variety of service plans to respond to any system or circuit problem and its central office has 24-hour technical support. Redundancy and rerouting are available (at an extra cost). MCI and Xspedius both provide all-digital services, a wide variety of service plans and 24-hour technical support; services include DS 1, DS 3 and OC 3. Also, New Mexico has rapid deployment of Frame Relay Services; fast package data systems run on T1 and 56K service.

Albuquerque is also home to a data co-location facility (www.bigbyte.cc). The 65,000 square foot building in the heart of Downtown offers 450 volts of electricity per square foot. Over 100 wired telecom cages are available to business networks.

Long distance carriers with a significant presence in the city include AT&T, ACI, Long Distance for Less, MCI Telecommunications Corp., Mid American Communications Corp., NTC Communications, Total Automated Operator Systems, Sprint, TRI Tel Communications and Valu-Line Long Distance. All long distance carriers have T1 capability.

“(Gov.) Bill Richardson has cut New Mexico’s top rate of personal income tax to 5 percent from 8.2 percent, reduced the capital gains tax and kept spending in check.”
- *The Wall Street Journal* editorial, February 2005

Albuquerque MSA Location Profile 2005

Taxes

Corporate Taxes

Franchise Tax

Each corporation engaged in business in New Mexico and submitting a corporate income tax return must pay a franchise tax of \$50 per year.

Calculating Corporate Income Tax

Corporate income taxes “piggyback” on federal taxable income using the three factor formula: property, payroll and sales in New Mexico calculated as a percentage of the corporation’s property, payroll and sales. A corporation may select one of three methods for reporting their state corporate income tax: Separate corporate entity, combination of domestic unitary corporations or federal consolidated group. New Mexico utilizes the “throwback rule,” which requires a New Mexico plant which sells its product or service in a political subdivision outside the state to count those sales as New Mexico sales.

Corporate Income Tax Brackets

If Net Income Is	The Tax Shall Be:
\$1 to \$500,000	4.8% of net income
\$500,000 to \$1,000,000	\$24,000 + 6.4% in excess of \$500,000
\$1,000,000 and over	\$56,000 + 7.6% in excess of \$1,000,000

Double Weighting the Sales Option

Companies can elect to double weight the sales, in which a corporation takes the New Mexico portion of plant, payroll, sales and sales (counting the sales twice) and uses a divisor of four. Double weighting the sales benefits manufacturers who have a significant investment in plant and payroll in New Mexico but sell most of their product outside the state.

Albuquerque MSA Location Profile 2005

Taxes

Unemployment Compensation

Employers must make quarterly unemployment compensation contributions. For newly located firms, the initial contribution is 2.0 percent of the employee's Taxable Wage Base for the first four years. After the four-year period, each employer is given an experience rating which can cause a rate to increase or decrease. The Taxable Wage Base for the year 2005 is \$17,200.

Workers' Compensation

New Mexico's direct-loss ratio of 28.8 percent makes the state a model for workers' compensation. Reasons for the state's workers' compensation success include: lack of incentives to file frivolous claims, limited reliance on lawyers and litigation to settle cases, capped legal fees, and contained medical costs. Employers must make quarterly payments to the Workers' Compensation Administration totaling \$4.30; \$2.30 must be paid by the employer and \$2.00 withheld from the employee's wages.

Gross Receipts Tax

Instead of a sales tax, New Mexico imposes a Gross Receipts Tax, which is a tax imposed on persons engaged in business in the state. In almost every case the business passes along the tax to the consumer, so the tax resembles a sales tax. Sales and leases of goods and other tangible property are taxable. Sales and performances of services are also taxable in New Mexico. The gross receipts tax rate for purchases made in the metro area ranges from 5.375 to 7.125 percent throughout the MSA. The compensation tax (use tax) for purchases made outside New Mexico is 5.0 percent.

Property Tax

Property taxes in New Mexico are ranked among the lowest in the nation. Since it would require amendment of the State of New Mexico's Constitution (which entails a vote by the electorate), it is unlikely that property taxes will increase in the near future. Unless otherwise expressly exempt, all tangible personal and real property located within New Mexico is subject to an ad valorem tax, which is assessed by each county at the rate of 33 1/3 percent of value.

For residential property, the mill levy rate ranges from 27.027 to 43.860 of assessed value. For non-residential property, the mill levy rate ranges from 32.857 to 51.724 of assessed value.

Albuquerque MSA Location Profile 2005

Incentives

Industrial Revenue Bonds

The Incentive

Significant real and personal property tax and compensating tax exemptions can occur through the use of an Industrial Revenue Bond (IRB). An IRB is a loan from the bond purchaser to a company where the loan proceeds and repayment flows through a governmental issuer. Instead of purchasing a facility directly, companies can enter into a lease with the issuer, provided the company will lease the facility from the issuer and at end of lease, purchase the facility from the issuer for a nominal amount. In Albuquerque, the maximum life of an IRB is 20 years.

IRBs can also be used when a developer is involved. A separate series of bonds is issued to finance the developer's real estate and building costs and the tax savings of the IRB can flow through to the ultimate user through a sublease.

The benefit of remaining property tax exemptions can be passed on to the new owner or flow through a lease in the event of a sale or lease to a new user under certain qualifying conditions. City Council must vote to induce an IRB, and the community does not lend its credit to an IRB. The company must secure its own purchaser of IRBs or the company can purchase its own IRB.

Example

Assume a company invests \$10,000,000 in Albuquerque: \$5,000,000 in land and building, and \$5,000,000 in equipment purchased out of state:

Tax Exemption	Calculation	Value
Property Tax Exemption on Land and Building	$(\$5,000,000 / 3) \times 0.045494$	\$ 75,823
Nominal value for 20 years:	$\\$75,823 \times 20 \text{ years}$	\$ 1,516,467
Property Tax Exemption on Equipment (first year)	$(\$5,000,000 / 3) \times 0.045951$	\$ 75,823
Nominal value for 7 years	$(\text{Depreciated value} / 3) \times .045494$	\$ 303,293
Tax Exemption on Equipment	$\\$5,000,000 \times 0.05$	\$ 250,000

**Out-of-state purchases subject to compensating tax rate of 5% are exempted. Property tax is assessed at the mill levy rate multiplied by 1/3 of book value. The current mill levy rate in the city of Albuquerque is 45.494.*

Albuquerque MSA Location Profile 2005

Incentives

Job Training Incentive Program

Incentive

The New Mexico Job Training Incentive Program is a highly flexible state program to provide pre-employment (classroom) and on-the-job training. Customized training may be provided by post-secondary educational institutions, company trainers, or outside trainers.

The state will reimburse

- Up to 50% of trainees' wages up to 1,040 hours in urban areas
- 100% of classroom training costs provided by New Mexico post-secondary education institutions (e.g. Albuquerque Technical Vocational Institute)
- 50% of trainees' travel and per diem for out-of-state training
- 50% of company or outside trainers' travel and per diem when using out-of-state trainers

Conditions

- Maximum wage reimbursement is tied to hours required to learn the job and the hourly wage
- Applicants must be New Mexico residents for one year
- Trainees must be guaranteed full-time, year-round employment upon successful completion of training
- "Hands-on" or production jobs qualify; technical jobs such as first-line supervisors and engineering generally qualify; support, administrative and sales positions are limited to 10% of total number of positions that qualify for funding
- Re-training does not qualify for assistance
- Companies can apply for subsequent assistance if they have maintained hiring levels that exceed the peak employment as established by the initial application
- Reimbursement is subject to availability of funds and approval by the Industrial Development Board

Example

Assume a company hires three types of workers at different wage rates and different training time schedules

Number of Employees	Hourly Wage*	Est. Allowable Training Hours**	Job Training Incentive Dollars
50	\$ 19.50	1,040	\$ 557,700
100	\$ 14.00	1,040	\$ 728,000
100	\$ 11.50	960	\$ 552,000
50	\$ 9.50	640	\$ 152,000
Estimated Job Training Value			\$ 1,432,000

* Job Training Incentive Program provides reimbursement of 50% of hourly wages in urban areas; 60-65% in rural. Employees who meet the High Wage Job requirements qualify for an additional 5% reimbursement.

** The Job Training Board uses the "O-Net" to determine the maximum allowable training hours for a position. Proof of actual training hours will be required.

Albuquerque MSA Location Profile 2005

Incentives

High Wage Jobs Tax Credit

The Incentive

In 2004, the New Mexico State Legislature approved the High Wage Jobs Tax Credit, which provides businesses with a tax credit equal to ten percent of the combined value of salaries and benefits for each net new job paying a salary of at least \$40,000 per year in the Albuquerque metropolitan area and other communities larger than 40,000 in population. The value of the credit cannot exceed \$12,000 per job. Qualified employers can take the credit for four years. The credit can be applied against the modified combined tax liability of a taxpayer, including the state portion of gross receipts tax, compensating tax and withholding tax. Any excess credit will be refunded to the taxpayer.

Eligible jobs are those created by qualified employers after July 1, 2004 and prior to July 1, 2009.

In New Mexico, companies located in communities smaller than 40,000 persons, are eligible for a tax credit equal to ten percent of the combined value of salaries and benefits paid for each new job created paying at least \$28,000 annually.

Example

No. of Employees	Hourly Wage	Annual Employee Benefits	Annual Value of Salary plus Benefits per Employee	Annual Tax Credit = 10% of Wages & Benefits	Value of Credit Over 4 Years
70	\$20.00	\$10,816	\$52,416	\$366,912	\$1,467,648
30	\$40.00	\$21,632	\$104,832	\$314,496	\$1,257,984

$$70 \times .10 [\$20.00 (2,080 \text{ hrs}) + \$10,816] = \$366,912/\text{year} \times 4 \text{ years} = \$1,467,648$$

$$30 \times .10 [\$40.00 (2,080 \text{ hrs}) + \$21,632] = \$314,496/\text{year} \times 4 \text{ years} = \$1,257,984$$

Example Notes:

* High-Wage Jobs Tax Credit provides annual credit equal to 10% of salary plus benefits for jobs paying \$40,000 or more per year in a community of 40,000 or more. Credit is capped at \$12,000/job/year. Credit can be claimed for 4 years, assuming the net increase of new jobs in New Mexico is maintained.

* Assumes value of benefits at 26% of base salary per employee per year.

* Assumes company makes more than 50% of its sales outside of New Mexico.

Albuquerque MSA Location Profile 2005

Incentives

Technology Jobs Tax Credit

In order to keep New Mexico competitive with the types of recruitment projects that continue to add value to the local economy, the legislature enacted the Technology Jobs Tax Credit to give credit to qualified expenditures on qualified research at qualified NM facilities.

The Incentive

Qualified New Mexico facilities may take a credit equal to 4% (8% in rural areas) of expenditures related to qualified research for land, buildings, equipment, computer software and upgrades, consultants, technical books and manuals, test materials, costs associated with patents, payroll, and labor. The credit may be taken against gross receipts tax, compensating tax or state payroll tax, and may be carried forward.

Additional Incentive

An additional 4% (8% total urban, 16% total rural) may be applied against state income tax if base payroll expenses increase by at least \$75,000 per \$1,000,000 of expenditures claimed. The credit may be carried forward.

Credits are not available for expenditures on buildings owned by a local government entity in conjunction with an Industrial Revenue Bond or already owned by the taxpayer or an affiliate before 2/2/00.

Albuquerque ranked 3rd for cost of doing business for manufacturers.
-Area Development Magazine, February 2004

Albuquerque MSA Location Profile 2005

Incentives

Manufacturing Investment Tax Credit

The Incentive

New Mexico tax law provides for a credit equal to five percent of the value of qualified equipment and other property used directly and exclusively in a manufacturing operation. The credit can be applied against compensating or gross receipts tax or withholding tax due. Gross receipts tax acts very much like a sales tax; the city rate is 6.75 percent. Compensating (or use) tax applies to purchases made out of state and totals 5.0 percent.

The credit is limited to 85% of the sum of the taxpayer's gross receipts tax, compensating tax, and withholding tax due for the reporting period. Any remaining available credit may be claimed in subsequent operating periods.

The credit may be claimed for equipment acquired under an IRB. This is a double benefit since no gross receipts or compensating tax was paid on the purchase or importation of the equipment.

Criteria

For Claims

\$0 - \$30,000,000
Over \$30,000,000

1 New Worker Employed for Each

\$500,000 in qualified equipment
\$1 million in qualified equipment

The credit is available through 6/30/2011.

Albuquerque MSA Location Profile 2005

Incentives

Interstate WATS Tax Exemption

New Mexico tax law provides for an exemption from interstate telecommunications gross receipts taxes (4.25%) for receipts from the provision of wide-area telephone service (WATS) and private communications services. Therefore, there are no local or state taxes on interstate WATS or private communications services. (Private communications services are defined as dedicated services for a single customer that entitles the customer to exclusive or priority use of a communication channel or group of channels between a location within New Mexico and one or more specified locations outside the state.)

Child Care Tax Credit

New Mexico tax law provides for a corporate income tax credit of up to 30 percent of eligible expenses, net of reimbursements for child care services incurred and paid by the taxpayer in the taxable year for dependent children of their employees. A taxpayer that operates a child care facility used primarily by the dependent children of the taxpayer's employees may also claim a corporate income tax credit of up to 30 percent of the net cost of operating a child care facility. The credit may not exceed \$30,000 in any taxable year and unused credits can be carried forward for three consecutive years.

Additional Incentives

Out-of-State Tuition Waiver and Lottery Scholarships

UNM and TVI will make in-state resident tuition rates available to relocating employees and their families who qualify for admission.

In addition, all resident New Mexican high school seniors with at least a 2.5 GPA are eligible for a New Mexico Lottery Scholarship which pays for students to attend a state college tuition free. The scholarship is funded by a New Mexico Lottery Program in which 100 percent of lottery net proceeds goes to the Lottery Tuition Fund.

Access to Local & State Government

This type of "incentive" is difficult to place a value on, however, many New Mexico companies explain that access to the Governor of New Mexico and the Legislature is common and very valuable. This extends to local government as well as to the state's congressional delegation.

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About AED

Albuquerque Economic Development

Albuquerque Economic Development, Inc. (AED), is a private, nonprofit, membership-based organization that is focused on the recruitment of new industry into the Albuquerque Metropolitan Area and also assists with the retention and expansion of existing industry. AED has served the Albuquerque area for 40 years, recruiting more than 200 companies, which employ an estimated 20,000 persons. AED actively recruits those companies that will export goods or services from New Mexico, thereby bringing new investment dollars to the state. These economic base jobs contribute to the area's economic growth, development and diversification, thereby improving the standard of living and opportunities within the Albuquerque area. A few examples of the companies AED has recruited or assisted include:

America Online
Aviation Technology Group, Inc.
BF Goodrich Aerospace
ClientLogic
Eclipse Aviation
Ethicon Endo-Surgery
Gap Inc.
General Mills
Honeywell Defense & Space Electronic Systems
Intel
Sennheiser Electronic
SUMCO USA
T-Mobile
Tempur-Pedic

Albuquerque Economic Development, Inc. is eager to provide assistance specific to your company's location or expansion needs, in complete confidence. Our team of economic development professionals is organized to help you obtain the facts you need to thoroughly evaluate the Albuquerque metro area. We can save you countless hours of research and analysis by providing a full complement of services, all at no cost or obligation to you. For more information about expanding your business to the Albuquerque area, please visit our web site at www.abq.org or call **(800) 451-2933**. You can also call any of our team members. For AED staff information, please see the following page.

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