

NEW MEXICO BUSINESS

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The BBER's Fiscal Impact Analysis of Industrial Revenue Bonds for the City of Albuquerque

Industrial Revenue Bonds (IRBs) benefit both businesses seeking to open new facilities and the city offering the IRB because the former gets tax breaks and the latter gets a new employer and attendant economic growth. The legislative intent of the New Mexico Industrial Revenue Bond Act [3-32-1 NMSA 1978] is to both promote industry and trade in New Mexico and improve the health and general welfare of New Mexicans. Since 1979, there have been between \$1.20 billion and \$1.37 billion original investments made in Albuquerque with Industrial Revenue Bonds. (See Table 1 on page 8 for a list of IRB funded projects since 1979).

Before IRBs can be issued they must be evaluated and approved by the City. The Bureau of Business and Economic Research (BBER) has contributed to the evaluation process by providing fiscal impact analysis to the City of Albuquerque for several of the recently proposed IRBs.¹ This article will describe the process of the fiscal impact analysis.

Financial Structure of Industrial Revenue Bonds

IRB incentives flow from the financial structure of the bond. The Act authorizes the City to issue IRBs. The company proposing the project acts as the City's agent and constructs and equips the project from the IRB proceeds.² The City then leases the project to the company. Since the City is the legal title holder of the project and is not subject to property tax as a government entity, the property tax on the project is abated. Also, since the company is acting as the City's agent, gross receipts and compensating taxes are abated on the project's machinery, equipment, furniture, and fixture purchases.

The property tax abatement is limited to the lifetime of the bond. Although the Act allows IRBs to be issued for up to 30 years, it is recent City policy to limit IRBs to 20 years. When the IRB matures, the company purchases the project from the City for a nominal fee. Although the City is the issuer of the IRB, it is not indebted by the bonds nor do the bonds affect the City's credit rating. Revenues from the project are dedicated to the payments on the bond, and in essence, the buyer of the bonds is making a loan to the company based on the feasibility of the project and not on any express or implied backing by the City.

1 Since 1995, BBER has conducted 18 fiscal impact analyses of Industrial Revenue Bonds for the City of Albuquerque.

2 The project can include land, buildings, improvements, machinery, equipment, furniture, and fixtures.

3 The project needs approval from the Economic Development Department, Development Commission, City Council Finance Committee, City Council as a whole, and the Mayor.

4 There are other revenue sources, e.g., franchise tax revenues, but the gross receipts tax revenues are likely to be the most important.

Fiscal Impact Analysis as Part of the Criteria for Bond Projects

The fiscal impact analysis is a component of the Criteria for Bond Projects used by the Albuquerque Economic Development Department (EDD) to evaluate each project.³ This analysis is meant to provide an estimated net present value expected to accrue to the City because of the project. Table 2 on page 8 lists the maximum points awarded by the Albuquerque EDD for each of several different criteria used in determining the benefits of the proposed project. There is a total possible 250+ EXTRA POINTS available where 20 points come from the project if it results in net positive revenues to the State, County, and City over the lifetime of the IRB.

Net Present Value

The stream of expected costs and revenues are discounted to current values and the sum is the net present value of the project. The discount rate used is the real rate of interest on general obligation bonds. A similar analysis is carried out for the State of New Mexico with different considerations, e.g., estimated revenues foregone due to the use of Investment Credit Act [7-9A-1 NMSA 1978], state personal income taxes, state corporate income taxes, health insurance premium taxes, and compensating taxes.

Costs

As previously mentioned, the major costs associated with IRBs are the foregone property taxes on the project, the foregone gross receipts taxes to the City, and compensating taxes to the State on project purchases. While these costs are easily estimated, other costs, such as the cost of providing services to a population made larger by the project, need to be considered and require more work to estimate.

Proposed projects are expected to increase the workforce and City population because they draw workers from outside the city and they retain workers who were considering leaving the city for employment elsewhere. BBER estimates the cost to the City to maintain the same level of service and infrastructure to residents and business despite an expected increase in population caused by the project.

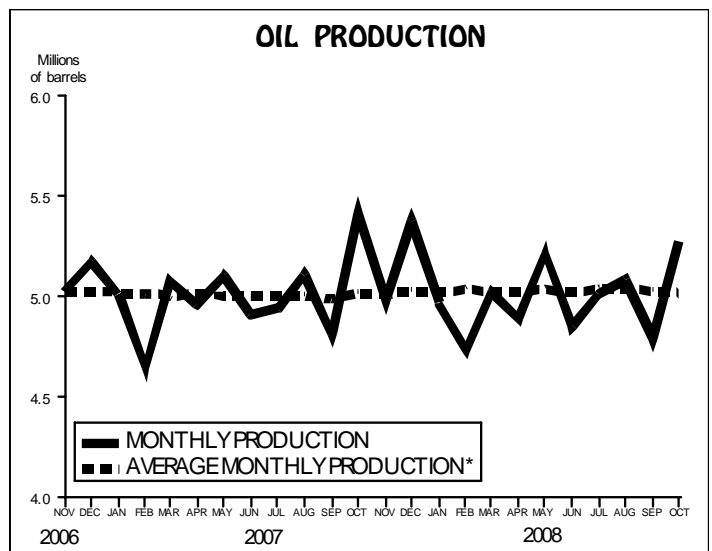
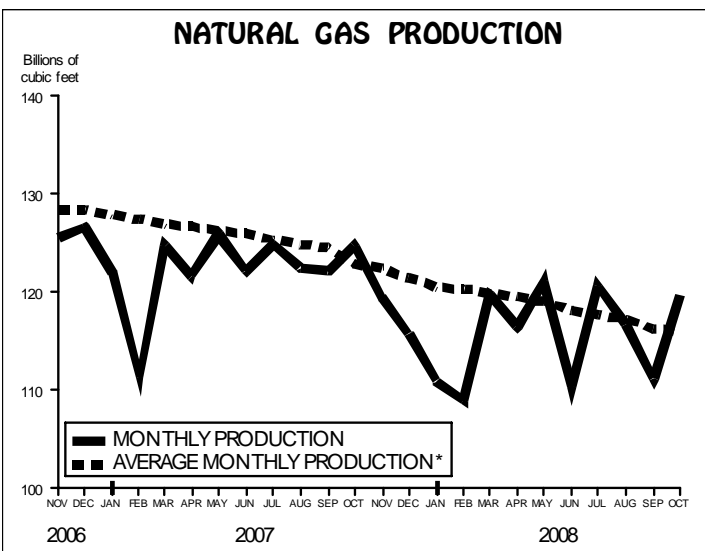
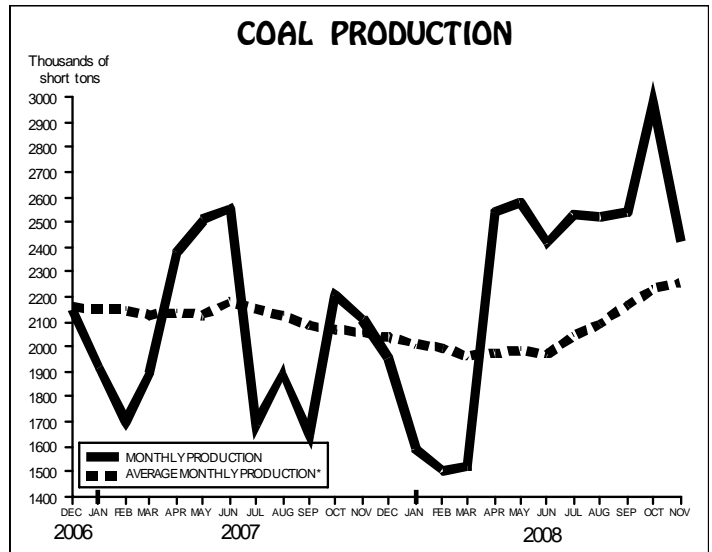
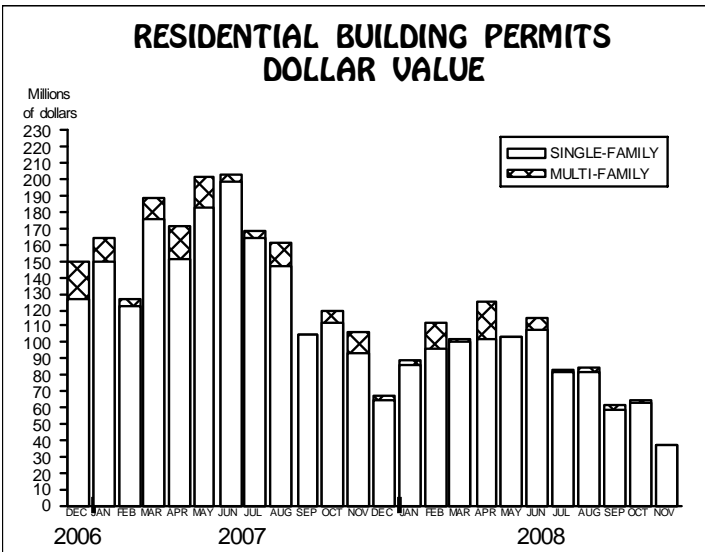
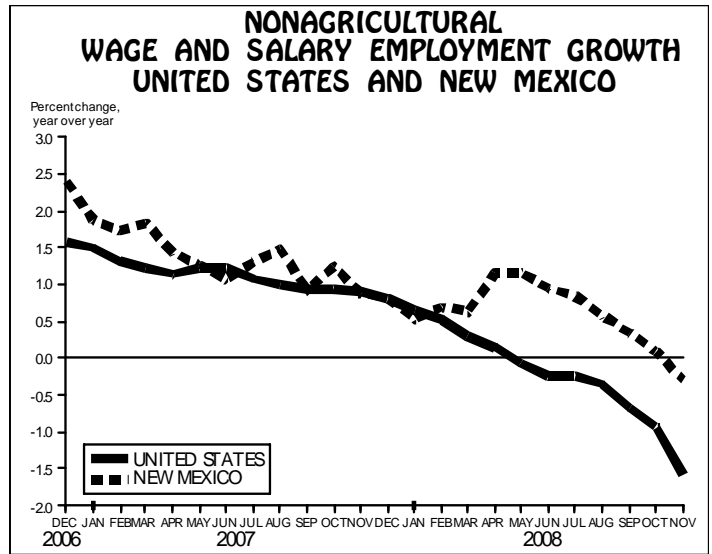
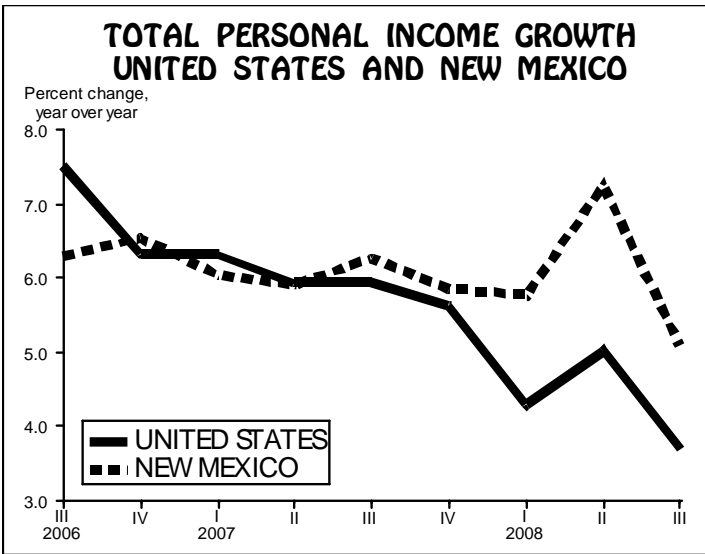
Revenues

The construction and operation of the project will generate economic activity that will result in gross receipts tax revenues to the City.⁴ They will also generate expansion of supporting industries and increase the household

(continued on page 6)

**The BBER web site has a
new URL <http://bber.unm.edu/>
Same great data, just a new address.**

CURRENT NEW MEXICO AND U.S. ECONOMIC INDICATORS



* 12 month average. For example, the point for November 2008 represents an average of data from December 2007 through November 2008.

U.S. ECONOMIC INDICATORS

	Current		% Chg. Year Ago	Previous Mo./Qtr. Data
	Mo./Qtr.	Data		
Consumer Price Index (1982-84=100)				
All Urban Consumers				
All items	Nov 08	212.4	1.1	216.6
Food and Beverages	Nov 08	218.8	5.9	218.7
Housing	Nov 08	216.5	2.7	217.4
Apparel	Nov 08	121.3	0.0	122.2
Transportation	Nov 08	173.6	-8.9	192.7
Medical Care	Nov 08	366.6	2.7	365.7
Other Goods and Services	Nov 08	349.0	3.8	349.3
Urban Wage Earners and Clerical Workers				
All Items	Nov 08	207.3	0.7	212.2
Gross domestic product ¹ (\$Bil. constant)	3Q 08	\$11,712.4	0.7	\$11,727.4
Prime interest rate ² (% per annum)	Nov 08	4.00	-	4.00
Mortgage interest rate ³ (% per annum)	Nov 08	6.16	-	6.10
3 month treasury bill ⁴ (% per annum)	Nov 08	0.30	-	0.84
Industrial production ⁵ (2002=100)	Nov 08	106.1	-5.5	106.8
Manufacturers new orders ⁵ (\$Bil.)	Nov 08	\$384.6	-12.2	\$403.3

Note: Selected data items subject to revision. **1** 2000 dollars at seasonally adjusted annual rates. **2** Closing rate for month. **3** Effective rate (in the primary market) on conventional mortgages reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years. **4** Rate on new issues within period; bank discount basis. **5** Monthly data seasonally adjusted. **Source:** U.S. Bureau of Labor Statistics, consumer price index data; U.S. Council of Economic Advisors, *Economic Indicators*, all other data.

NEW MEXICO AND U.S. ECONOMIC COMPARISONS

	New Mexico				United States		
	Current Mo./Qtr.	Current	% Chg.	Previous	Current Mo./Qtr.	% Chg.	Previous
		Mo./Qtr.	Mo./Qtr. Data	Year Ago		Mo./Qtr. Data	Year Ago
Employment (000)	Nov 08	925.1	0.4	925.2	144,609	-1.7	145,543
Unemployment rate (%)	Nov 08	4.1	-	4.1	6.5	-	6.1
Nonagricultural employment (000)	Nov 08	847.9	-0.3	850.7	136,882	-1.6	137,492
Personal income ¹ (\$Mil.)	3Q 08	\$63,933	5.1	\$64,073	\$12,131,245	3.7	\$12,125,277
Housing units permitted							
Single	Nov 08	118	-71.4	297	25,866	-52.8	39,883
Multi	Nov 08	6	-96.1	16	14,376	-58.7	21,864

p Preliminary.

¹ Quarterly data seasonally adjusted at annual rates.

Note: Selected data items subject to revision.

Sources: New Mexico Dept. of Workforce Solutions and U.S. Bureau of Labor Statistics, employment and unemployment data; U.S. Dept. of Commerce, Bureau of Economic Analysis, income data; U.S. Dept. of Commerce, Bureau of the Census and individual permit-issuing agencies, construction data.

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To comply with the American Disability Act this publication can be provided in an alternate format.

NEW MEXICO ECONOMIC INDICATORS

	Current Mo./Qtr.	Current Data	%Chg. From a Year Ago	12-Mo./4-Qtr. Averages	
				Current	% Chg. From Previous ¹
1. GENERAL					
Civilian labor force ² (000s)	Nov 08	964.7	1.4	953.1	1.1
Employment (000s)	Nov 08	925.1	0.4	916.2	0.7
Unemployment (000s)	Nov 08	39.6	31.4	36.9	10.7
Unemployment rate (%)	Nov 08	4.1	-	3.9	-
Weekly new unemployment insurance claims	Nov 08	1,811	51.0	1,294	18.6
Nonagricultural wage & salary employment ^{r,3} (000s)	Nov 08	847.9	-0.3	847.9	0.6
All industries average weekly wages (\$) ^{p,4}	2Q 08	\$715	4.2	\$715	4.8
Personal income ⁵ (\$ mil.)	3Q 08	\$63,933	5.1	\$62,998	6.0
2. AGRICULTURE					
Receipts for all agricultural commodities (\$ mil.)	Oct 08	\$255.8	-5.2	\$258.1	1.3
Livestock (\$ mil.)	Oct 08	\$189.3	-7.9	\$195.8	-0.9
Crops (\$ mil.)	Oct 08	\$66.5	3.1	\$62.3	8.9
Milk production (mil. lbs.)	Nov 08	633	5.5	652	7.4
Milk cows (000s head)	Nov 08	333	-1.2	338	-1.5
Milk per cow (lbs. per head)	Nov 08	1,900	6.7	1,928	8.8
3. NATURAL RESOURCES & MINING					
Total employment ^{r,3} (000s)	Nov 08	20.6	5.6	19.9	2.3
Mining average weekly wages (\$) ^{p,5}	2Q 08	\$1,249	7.1	\$1,257	6.7
Coal production (000 short tons)	Nov 08	2,423	14.8	2,257	9.9
Oil sales (\$ mil.)	Oct 08	\$381.3	-9.3	\$516.7	64.9
Oil volume of production (mil. bbls.)	Oct 08	5.4	-0.7	5.0	0.4
Gas sales (\$ mil.)	Oct 08	\$628.9	-29.5	\$1,054.1	23.9
Gas volume of production (bil. cf.)	Oct 08	122.3	-2.9	116.8	-5.4
4. CONSTRUCTION					
Total employment ^{r,3} (000s)	Nov 08	57.4	-2.2	58.6	-0.7
Average weekly wages (\$) ^{p,4}	2Q 08	\$750	11.4	\$748	9.7
Residential units permitted	Nov 08	194	-65.7	482	-44.8
Residential building permit value (\$ mil.)	Nov 08	\$36.9	-65.4	\$87.6	-43.6
Nonresidential const. contract value (\$ mil.)	Nov 08	\$78.4	9.2	\$108.6	-16.1
Nonbuilding const. contract value (\$ mil.)	Nov 08	\$233.0	220.9	\$81.2	15.3
5. MANUFACTURING					
Total employment ^{r,3} (000s)	Nov 08	33.7	-7.4	35.0	-5.9
Average weekly wages (\$) ^{p,4}	2Q 08	\$892	1.8	\$931	7.9
6. WHOLESALE TRADE					
Total employment ^{r,3} (000s)	Nov 08	24.0	-0.4	24.3	2.3
Average weekly wages (\$) ^{p,4}	2Q 08	\$866	1.6	\$901	3.5
7. RETAIL TRADE					
Total employment ^{r,3} (000s)	Nov 08	97.5	-0.5	96.5	0.9
Average weekly wages (\$) ^{p,4}	2Q 08	\$479	1.7	\$476	2.0
Taxable gross receipts (\$ mil.) ^{r*}	3Q 08	\$3,580.7	-3.2	\$3,854.7	3.8
8. TRANSPORTATION, WAREHOUSING & UTILITIES					
Total employment ^{r,3} (000s)	Nov 08	25.1	-1.6	25.4	2.2
Transp. & warehousing average weekly wages (\$) ^{p,4}	2Q 08	\$759	1.9	\$752	2.4
Utilities average weekly wages (\$) ^{p,4}	2Q 08	\$1,336	14.3	\$1,327	9.1
9. INFORMATION					
Total employment ^{r,3} (000s)	Nov 08	16.1	-1.2	16.3	3.0
Average weekly wages (\$) ^{p,4}	2Q 08	\$794	10.1	\$768	3.8

* Data from quarterly gross receipts reports may differ from monthly averages. **na** Not available. **p** Preliminary. **r** Revised. **1** For example, in the report that contains Nov. 2008 figures this would be the percent change from the average of Dec. 2006-Nov. 2007 to the average of Dec. 2007-Nov. 2008. For quarterly data, the average column represents the average of four quarters. **2** Number of employed and unemployed persons by place of residence. **3** Number of jobs by place of work. **4** Wages represent gross pay, including commissions, bonuses and over time. **5** Quarterly data seasonally adjusted at annual rates. **6** Does not include insurance and real estate agents working on commission. **7** Includes Albuquerque, Rio Rancho, Bernalillo/Algodones, Placitas, Corrales, the East Mountains and Valencia County. **8** Includes Santa Fe City and Santa Fe County only. **9** Based on information from Santa Fe Assoc. of REALTORS® MLS for the period Oct. 2008 to Dec. 2008. This representation is based in whole or in part on data supplied by SFAR MLS who does not guarantee nor is in any way responsible for its accuracy. Data maintained by SFAR MLS may not reflect all real estate activity in the market. **10** Commercial passenger traffic includes enplanements and deplanements. **11** Includes recurring and non-recurring revenues.

NEW MEXICO ECONOMIC INDICATORS (continued)

	Current Mo/Qtr.	Current Data	%Chg. From a Year Ago	12-Mo./4-Qtr. Averages	
				Current	% Chg. From Previous ¹
10. FINANCIAL ACTIVITIES					
Total employment ^{r,3} (000s)	Nov 08	34.1	-3.1	34.9	-0.9
Finance & insurance average weekly wages (\$) ^{p,4,6}	2Q 08	\$839	0.4	\$923	3.9
Real estate & rental & leasing avg. wkly. wages (\$) ^{p,4,6}	2Q 08	\$594	1.2	\$612	2.0
Albuquerque Area ⁷ Median Sales Price:					
Existing Single-Family Detached (\$000s)	4Q 08	\$182.5	-6.4	-	-
Existing Condo/Townhome Attached (\$000s)	4Q 08	\$159.9	9.5	-	-
Santa Fe City/County ⁸ Median Sales Price ⁹ :					
Existing Single-Family Detached (\$000s)	4Q 08	\$370.0	-14.6	-	-
Existing Condo/Townhome Attached (\$000s)	4Q 08	\$314.0	1.1	-	-
11. PROFESSIONAL & BUSINESS SERVICES					
Total employment ^{r,3} (000s)	Nov 08	106.7	-1.7	108.0	-0.5
Professional & technical serv. avg. wkly. wages (\$) ^{p,4}	2Q 08	\$1,192	-0.7	\$1,241	1.2
Mgt. of cos. & enterprises avg. weekly wages (\$) ^{p,4}	2Q 08	\$1,013	5.9	\$1,025	4.3
Admin. & waste & remed. serv. avg. wkly. wages (\$) ^{p,4}	2Q 08	\$572	5.7	\$570	5.0
12. EDUCATIONAL & HEALTH SERVICES					
Total employment ^{r,3} (000s)	Nov 08	118.1	3.8	115.0	3.5
Educational serv. emp. ^{r,3} (000s)	Nov 08	14.9	1.4	13.5	1.8
Health care & social assist. emp. ^{r,3} (000s)	Nov 08	103.2	4.1	101.5	3.7
Educational services average weekly wages (\$) ^{p,4}	2Q 08	\$599	8.7	\$588	7.1
Health care & social assist. avg. weekly wages (\$) ^{p,4}	2Q 08	\$673	3.4	\$687	4.0
13. LEISURE AND HOSPITALITY					
Total employment ^{r,3} (000s)	Nov 08	84.2	-2.5	87.7	-0.2
Arts, entertainment & recreation emp. ^{r,3} (000s)	Nov 08	7.8	0.0	8.5	-0.4
Accommodation & food services emp. ^{r,3} (000s)	Nov 08	76.4	-2.8	79.2	-0.1
Arts, entertainment & recreation avg. wkly. wages (\$) ^{p,4}	2Q 08	\$377	9.9	\$373	7.7
Accommodation & food serv. avg. weekly wages (\$) ^{p,4}	2Q 08	\$275	6.2	\$272	5.5
Eating & drinking place taxable gross receipts (\$ mil.)	3Q 08	\$643.8	1.1	\$634.0	5.8
Visits to state parks (000s)	Oct 08	59.0	-81.9	346.0	-9.9
Visits to national parks/monuments (000s)	Nov 08	89.5	6.1	129.9	-3.3
Passenger traffic at Albuquerque airport ¹⁰ (000s)	Nov 08	435.2	-19.3	545.4	-1.2
Lodgers tax receipts (\$000s)	2Q 08	\$10,380.7	7.4	\$9,664.7	4.4
Lodging occupancy rates (%)	Nov 08	48.5	-	61.8	-
14. OTHER SERVICES					
Total employment ^{r,3} (000s)	Nov 08	29.3	1.0	29.6	0.5
Average weekly wages (\$) ^{p,4}	2Q 08	\$509	4.3	\$506	4.6
15. GOVERNMENT					
Total employment ^{r,3,9} (000s)	Nov 08	201.1	1.2	196.7	1.1
Federal employment ^{r,3} (000s)	Nov 08	30.6	1.7	30.4	0.3
State employment ^{r,3} (000s)	Nov 08	61.7	0.0	59.7	0.6
State education employment ^{r,3} (000s)	Nov 08	29.6	2.4	27.1	0.7
Local employment ^{r,3} (000s)	Nov 08	108.8	1.7	106.6	1.5
Local education employment ^{r,3} (000s)	Nov 08	59.4	1.9	57.3	0.5
Federal gov. average weekly wages (\$) ^{p,4}	2Q 08	\$1,239	3.6	\$1,216	4.1
State gov. average weekly wages (\$) ^{p,4}	2Q 08	\$803	5.5	\$847	7.4
Local gov. average weekly wages (\$) ^{p,4}	2Q 08	\$728	4.6	\$646	4.6
Total general fund revenues ^{r,11} (\$ mil.)	Jun 08	\$700.5	0.5	\$511.0	4.5
Recurring ^f (\$ mil.)	Jun 08	\$627.2	-2.5	\$501.8	4.0
Nonrecurring ^f (\$ mil.)	Jun 08	\$73.2	36.3	\$9.2	45.5

Note: Selected data items subject to revision. Wage data through 2007 have been revised. **Sources:** NM Dept. of Workforce Solutions, Economic Research and Analysis, Sections 1, 3 through 15; U.S. Bureau of Labor Statistics, Sections 1, 3 through 15; U.S. Dept. of Commerce, Bureau of Economic Analysis, Section 1; U.S. Dept. of Agriculture, Section 2; NM Taxation and Revenue Dept., Sections 3, 7, 13; U.S. Dept. of Energy, Energy Information Admin., Section 3; U.S. Dept. of Commerce, Bureau of the Census and individual building permit-issuing agencies, Section 4; McGraw Hill Construction, *Dodge Local Construction Potentials*, Section 4; Greater Albuquerque Association of REALTORS®, Section 10; Santa Fe Association of REALTORS®, Section 10; NM Energy Minerals and Natural Resources Dept., Park and Recreation Div., Section 13; U.S. National Park Service, Section 13; City of Albuquerque, Albuquerque International Sunport, Section 13; NM Dept. of Finance and Admin., Local Government Support, Section 13; *Rocky Mountain Lodging Report*, Section 13; NM Dept. of Finance and Admin., Section 15.

ECONOMIC INDICATORS FOR CITIES AND METRO AREAS**Estimated Civilian Labor Force and Employment**

	New Mexico		Albuquerque MSA ¹		Farmington MSA ²		Las Cruces MSA ³		Santa Fe MSA ⁴	
	% Chg.		% Chg.		% Chg.		% Chg.		% Chg.	
	Nov 2008	Year Ago	Nov 2008	Year Ago	Nov 2008	Year Ago	Nov 2008	Year Ago	Nov 2008	Year Ago
Total Civilian Labor Force⁵	964,712	1.4	414,484	1.0	58,216	1.7	91,121	2.6	79,137	0.0
Employment	925,077	0.4	396,492	-0.2	56,160	1.0	87,418	1.7	76,352	-1.0
Unemployment	39,635	31.4	17,992	34.8	2,056	26.8	3,703	29.3	2,785	37.5
Unemployment rate (%)	4.1	-	4.3	-	3.5	-	4.1	-	3.5	-
Total Nonagricultural Wage & Salary Employment^{r,5}	847,900	-0.3	396,400	-0.7	53,200	0.6	70,600	1.3	65,100	-0.9
Private Sector	646,800	-0.7	314,100	-1.1	41,900	1.2	48,300	1.3	48,200	-1.6
<i>Goods Producing</i>	111,700	-2.5	49,700	-5.3	12,900	1.6	7,500	-5.1	5,600	-8.2
<i>Services Providing</i>	535,100	-0.3	264,400	-0.3	29,000	1.0	40,800	2.5	42,600	-0.7
Natural Resources, Mining & Const.	78,000	-0.3	28,300	-3.7	*	-	4,300	-10.4	4,700	-6.0
Natural Resource & Mining	20,600	5.6	#	-	*	-	#	-	#	-
Construction	57,400	-2.2	#	-	*	-	#	-	#	-
Manufacturing	33,700	-7.4	21,400	-7.4	*	-	3,200	3.2	900	-18.2
Wholesale Trade	24,000	-0.4	13,100	-1.5	*	-	1,300	0.0	1,300	8.3
Retail Trade	97,500	-0.5	45,900	-1.5	*	-	7,300	-1.4	9,200	1.1
Transp., Warehousing & Utilities	25,100	-1.6	10,800	-2.7	*	-	1,800	-10.0	700	0.0
Information	16,100	-1.2	9,300	-1.1	*	-	1,000	-9.1	1,300	-18.8
Financial Activities	34,100	-3.1	18,700	-2.6	*	-	2,600	13.0	2,800	-6.7
Professional & Business Services	106,700	-1.7	63,900	-0.3	*	-	6,600	11.9	5,200	-7.1
Educational & Health Services	118,100	3.8	51,500	4.0	*	-	11,300	2.7	10,200	3.0
Leisure & Hospitality	84,200	-2.5	38,700	-2.5	*	-	7,200	-1.4	9,000	0.0
Other Services	29,300	1.0	12,500	1.6	*	-	1,700	13.3	2,900	3.6
Government	201,100	1.2	82,300	1.2	11,300	-1.7	22,300	1.4	16,900	1.2
Federal	30,600	1.7	14,500	0.7	1,500	0.0	3,900	5.4	1,000	0.0
State	61,700	0.0	26,700	0.0	500	0.0	9,400	1.1	8,200	0.0
Local	108,800	1.7	41,000	2.0	9,300	-2.1	9,000	0.0	7,700	2.7

Data are suppressed. Included in "Natural Resources, Mining & Construction" super sector. * Data are suppressed. Included in total. p Preliminary. r Revis
1 Bernalillo, Sandoval, Tarrant and Valencia counties. **2** San Juan County. **3** Dona Ana County. **4** Santa Fe County. **5** Civilian labor force data are by place
residence and include self-employed persons and agricultural workers. Nonagricultural wage and salary employment data are by place of work.

Note: Data have been revised by NMDWS and are subject to future revisions. **Source:** New Mexico Dept. of Workforce Solutions, Economic Research and Ana

Industrial Revenue Bonds... (cont. from pg. 1)

expenditures of the construction workers, project workers, and supporting industry workers, which will result in gross receipts tax revenues. Table 3 on page 8 lists the sources of gross receipts taxes the City is expected to receive because of the project.⁵

BBER uses information from the IRB application, such as employment and wage estimates, supply purchases from local business, and local sales, to estimate gross receipts taxes generated from the construction and operation of the plant. To estimate subsequent rounds of gross receipts taxes, BBER uses IMPLAN Pro Version 2.0, an economic impact analysis software package.⁶ BBER also estimates other revenues expected to accrue to the City from the project, e.g., the increased taxes and various City charges for services resulting from a larger population.

⁵ The location of the project with respect to Tax Increment Development Districts (TIDDs) is taken into consideration. If the project is located within a TIDD, the City and County will receive only a portion of the flow of gross receipt and property taxes until the TIDD expires.

⁶ IMPLAN Professional® Version 2.0, Minnesota IMPLAN Group, Inc. 1725 Tower Drive West, Suite 140, Stillwater, Minnesota 55082, www.implan.com.

Payment in Lieu of Taxes (PILOT) is potential revenue to the City. PILOTs depend on the size of the IRB and the evaluation score received on the Criteria for Bond Projects. By agreeing to a PILOT, the company agrees to pay the City a percentage of the annual property tax abatement for a specified period of time.

Conclusion

BBER estimates the costs to the City of Albuquerque and the State of New Mexico due to the proposed issuance of an Industrial Revenue Bond. BBER also estimates revenues associated with the construction and operation of the project and subsequent rounds of economic expansion because of the bond issuance. The stream of costs and revenues are discounted and summed to estimate the net present value of the project, which is used as a component by the Albuquerque Economic Development Department in their overall evaluation of the project. Since 1979, the City has determined 54 projects merit funding through IRBs.

Daren Ruiz
Research Scientist

ECONOMIC INDICATORS FOR CITIES AND METRO AREAS (continued)**New Mexico Construction^{1, p} Selected Cities**

	Number of Building Units or Permits ²					Value of Building Permits (\$000)				
	Nov. 2008	Nov. 2007	Cumulative Total			Nov. 2008	Nov. 2007	Cumulative Total		
			Nov. 2008	Nov. 2007	% Chg.			Nov. 2008	Nov. 2007	% Chg.
New Residential³										
Alamogordo ⁴	N	6	N	149	-	N	1,304	N	42,627	-
Albuquerque	29	77	970	2,737	-64.6	5,542	14,959	143,801	436,256	-67.0
Single Family	29	77	623	2,019	-69.1	5,542	14,959	116,280	375,859	-69.1
Multi Family	0	0	347	718	-51.7	0	0	27,521	60,397	-54.4
Carlsbad	4	0	59	63	-6.3	442	0	8,997	9,996	-10.0
Clovis	5	16	245	149	64.4	1,293	2,666	35,668	25,721	38.7
Farmington	8	7	188	211	-10.9	1,068	1,160	27,414	34,307	-20.1
Hobbs	9	10	197	325	-39.4	1,029	1,608	24,256	35,612	-31.9
Las Cruces ^r	27	45	613	1,007	-39.1	3,748	5,597	80,953	137,482	-41.1
Los Alamos	1	0	6	17	-64.7	393	0	2,777	8,276	-66.4
Rio Rancho	22	177	701	1,128	-37.9	3,838	21,960	134,122	221,742	-39.5
Roswell	4	19	117	202	-42.1	585	4,520	20,570	26,328	-21.9
Ruidoso	3	8	89	153	-41.8	516	1,938	21,592	36,610	-41.0
Santa Fe	9	25	271	482	-43.8	1,746	4,432	53,366	85,714	-37.7
New Nonresidential										
Alamogordo ⁴	N	2	N	33	-	N	14	N	17,985	-
Albuquerque	7	12	117	126	-7.1	6,175	18,981	309,589	210,002	47.4
Carlsbad	1	0	18	12	50.0	180	0	1,728	7,529	-77.1
Clovis	1	3	23	20	15.0	240	922	9,307	5,937	56.8
Farmington	0	5	21	35	-40.0	0	4,368	36,632	20,064	82.6
Hobbs	0	1	20	24	-16.7	0	1,500	13,629	29,097	-53.2
Las Cruces ^r	1	5	47	33	42.4	370	765	54,828	27,501	99.4
Los Alamos	0	0	0	0	-	0	0	0	0	-
Rio Rancho	3	5	30	56	-46.4	8,515	1,999	31,516	51,450	-38.7
Roswell	6	4	58	38	52.6	24	4	14,099	1,518	828.7
Ruidoso	0	1	6	13	-53.8	0	30	2,522	1,637	54.1
Santa Fe	2	3	15	32	-53.1	5,099	980	8,116	39,500	-79.5

N Not available. **p** Preliminary. **r** Revised. **1** Data refer only to permits authorized for private construction projects. Public buildings are excluded. **2** Residential data show the number of permitted units while nonresidential data show the number of permits. **3** Residential data include both single- and multi-family units. In the case of Albuquerque, single- and multi-family units are also shown separately.

4 Alamogordo permits are currently being issued by the NM Construction Industries Division. Data will be available intermittently.

Sources: U.S. Dept. of Commerce, Bureau of the Census and local permit-issuing agencies.



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Table 1
IRB Funded Projects in the City of Albuquerque, Sorted by Fiscal Year Issued

PROJECT NAME	FY Issued	Property		PROJECT NAME	FY Issued	Property	
		Original Issue Amount (\$000s)	Tax Abatement in Years			Original Issue Amount (\$000s)	Tax Abatement in Years
Presbyterian Hospital Center - Ser 1979A	1979	\$28,150	n/a	Western Wireless Corp. - Ser 1997	1997	\$17,000	20
Ethicon, Inc.	1981	1,000	30	Sun Healthcare Group - Ser 1997	1997	65,000	20
Sperry Corp. (Honeywell Def. Avionics) - Ser 1980	1981	1,000	30	Sumitomo Sitix Silicon, Inc.- Ser 1997	1998	65,000	20
Lovelace Medical Foundation	1981	18,185	n/a	Sumitomo Sitix Silicon, Inc.- Ser 1997	1998	200,000	20
Ladera Health Care	1982	3,225	30	Karsten Co. of NM	1998	4,640	20
Lovelace Medical Foundation	1983	7,540	n/a	CVI Laser Corp.	1998	4,000	20
St. Joseph Hospital - Ser 1983A*	1983	46,335	n/a	Emcore Corp.	1998	55,000	20
Hospital Corp. of America	1984	8,800	20	Menaul School	1998	2,500	n/a
Heights General Hospital*	1987	15,220	n/a	Albuq. Manor Nursing Home*	1999	3,015	30
General Mills	1991	130,000	21	Albuq. Manor Nursing Home	1999	345	30
Presbyterian Healthcare Services - Ser 1992A	1992	50,300	n/a	General Technology Corp.	1999	4,100	20
Presbyterian Hospital - Ser 1992B	1992	16,000	n/a	La Vida Llena*	1999	47,840	n/a
St. Joseph Healthcare System - Ser 1991A	1992	14,115	n/a	Albuquerque Academy*	1999	8,165	n/a
St. Joseph Healthcare System - Ser 1992*	1993	27,400	n/a	El Encanto Inc. (Bueno Foods)*	2000	6,485	14
Southwest Airlines - Ser 1992	1993	6,000	20	Sennheiser - Ser 2000B	2000	2,200	20
Evangelical Lutheran Good Samaritan Society*	1993	6,975	n/a	Sennheiser - Ser 2000A	2000	2,300	20
Sumitomo Sitix Silicon, Inc. - Ser 1993	1994	67,000	20	Emcore Corp.	2001	55,000	50
Presbyterian Healthcare Services - Ser 1993B	1994	20,000	n/a	Lovelace Respiratory Research Inst.	2001	9,000	n/a
Presbyterian Healthcare Services - Ser 1993A	1994	20,000	n/a	Albuq. Academy	2003	25,365	n/a
BW/IP International Inc.	1995	15,000	20	MCT Industries	2003	4,330	14
Tri-Gas Inc. - Ser 1995	1995	18,500	20	Ktech Corporation	2003	10,000	20
Albuq. Academy	1995	10,360	n/a	Eclipse Aviation	2005	45,000	20
El Encanto, Inc. (Bueno Foods)	1996	2,000	20	Ktech Corporation	2006	12,000	20
Rose's Southwest Paper - Ser 1996*	1996	6,500	20	Advent Solar Inc. Project - Ser 2005	2006	25,000	n/a
America Online	1996	4,720	20	La Posada Hotel	2007	8,900	20
America Online	1996	11,881	20	Emcore Corp.	2009	27,000	20
El Encanto, Inc. (Bueno Foods)	1997	2,000	20	Schott Solar Inc. - Ser 2008	2009	105,000	20

* Indicates an issuance to retire earlier bonds and may be less than the original value. Source: City of Albuquerque, Finance and Admin. Serv., Jan., 2009.

Table 2
Criteria for Bond Projects Used by the City of Albuquerque Economic Devel. Dept.

Criteria	Max Points
LAND USE, PLAN, AND DESIGN ELEMENTS	95
Plan and zoning	10
Land use	25
Infill	15
Design and conservation	15
Renew able energy	10
Demolition	10
Relocation	10
ECONOMIC BENEFITS	120
Competition	30
Jobs	70
Fiscal Impact ¹	20
PROJECT FEASIBILITY	35
Feasibility/Financing	
Cost	
Applicant's record	25
Equity	
Management	10
Other factors that merit consideration and may not be anticipated at this time.	Extra Points
TOTAL POTENTIAL SCORE	250 + EXTRA POINTS

¹ The fiscal impact analysis shows a net positive impact to state, county and city city tax revenues over the course of the project. **Source:** Annotated from the City of Albuquerque, Economic Devel. Dept., IRB Application, available at www.cabq.gov/econdev/documents/IRBApplication.doc.

Table 3
Sources of Gross Receipts Tax Revenue from IRB-funded Projects

Gross Receipts Taxes are levied on taxable estimates of:

- Value of the construction project
- Local spending by construction workers
- Local spending by other workers as a result of the construction project
- Local spending by indirect construction support workers
- Local spending by project operation workers
- Local spending by other workers as a result of the project operations
- Local spending by indirect project operation support workers
- Local spending by the company due to project operation
- Local sales by the company due to project operations