

Business

# Outlook

THE DISH

What's new on the restaurant scene

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## WHAT BUSINESS WANTS

Groups pare down Legislative wish lists, hoping to keep credits and change taxation rules

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**T**wo statewide business groups are going into the legislative session that began Tuesday with relatively modest wish lists and a hope for continuity.

The Incentives for Jobs Coalition of 74

business, trade and civic organizations wants little more than to keep existing economic development tax credits in place.

The Association of Commerce and Industry wants a better tax and regulatory environment for business and is concerned that Gov. Bill Richardson's health care financing proposals are unaffordable.

The Greater Albuquerque Chamber of

Commerce is expected to release its legislative position paper Friday.

One reason for a more modest agenda is that state government has treated business pretty well in the past several sessions, said Carol Radosevich, Public Service Company of New Mexico economic development director. The other reason, she said, is timing.

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Business groups are completing their plans for the legislative session, which began Tuesday.

# Businesses Pare Down Wish Lists

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Radosevich is a member of Association of Commerce and Industry's executive committee and an organizer of the Incentives for Jobs Coalition.

The state still needs to change gross receipts taxation of research and development companies, especially those that do business with the federal government, she said.

"This year there is not enough money (in the state budget) left over to take on something like that one," Radosevich said.

The Incentives for Jobs Coalition's agenda is "basically saying we want to keep the programs we have in place," she said. "We want to keep the tax incentives (for high wage jobs, rural jobs and other activities), and we want to adequately fund the programs we have."

## Taxation concerns

The Association of Commerce and Industry is focusing on "some key priorities" that include ethics reform, health care and taxation, Radosevich said. The coalition and



**RADOSEVICH:** State has treated businesses well in past few years



**BRADLEY:** Says multi-state firms get around tax laws

Association of Commerce and Industry both oppose requiring multi-state corporations to use the unitary combined method of taxation. Unitary combined taxation requires corporations to calculate state income tax liabilities on the firms' total business. New Mexico allows companies to calculate taxes only on the operations conducted in the state or on the total business.

The Association of Commerce and Industry and the coalition argue that requiring unitary combined reporting would put New Mexico at a competitive disadvantage to other states

since two thirds of them have tax policies similar to New Mexico's.

But allowing companies to file based only on their New Mexico operations lets them move net profits to states like Delaware and Nevada that don't have corporate income taxes and move expenses to New Mexico to lower taxes here, said Gerry Bradley, New Mexico Voices research director. For example, companies can have their New Mexico operations incur expenses for services or property provided by other parts of the same company, which would reduce the taxable profit reported in New Mexico.

"The state is losing \$80 million a year in corporate income tax because it allows multi-state corporations to move their tax base around," Bradley said. "A corporation that does business only in New Mexico can't do that. They're at a disadvantage."

## Health care

The Association of Commerce and Industry is skeptical of what Richardson said is his top priority: achieving universal health care cov-

erage.

"Overall, our greatest concern is that New Mexico does not have the economies of scale to effectively implement universal health care coverage," said the Association of Commerce and Industry in a position statement. "We are concerned that the cost (of Richardson's plan) and who bears the burden of that cost is unknown."

Health care reform should use the free market to address "the real cost drivers in the health care system and seek broad-based, shared solutions to provide coverage for the uninsured," the association said.

Economic development issues on businesses' minds include continuing tax credits to encourage investment by small research and development companies and credits rewarding companies that pay high wages. Both tax credits are due to expire June 30, 2009.

The Association of Commerce and Industry wants the Legislature to eliminate gross receipts taxes on payments temporary staffing firms receive from customers that the temp firms turn

around and pay to their

employees who work for the customers. "When paid directly by employers, wages and benefits are not subject to the gross receipts taxation," the association's legislative priorities white paper says. Taxing temp firms' wage payments raises labor costs and reduces employment, the white paper says.

The Association of Commerce and Industry also wants:

- Regulatory reform legislation that leads to regulations that promote "economic development, accountability and confidence in government."
- Better planning and management of state infrastructure projects.
- Funding to help prepare students for work, especially work in trades.
- Sustainable funding of water rights adjudication.
- Incentives that will expand existing agricultural industries and attract new ones.
- Campaign contribution limits for state elections.
- Comprehensive federal immigration reform "that ensures an adequate supply of legal employees to all U.S. businesses."