

Our Heat,
Your Expansion

Grow Your Food
Business in
New Mexico



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INTRODUCTION

New Mexico's economy has been based in cattle ranching and farming for 200 years. Agriculture still has a significant impact with 24,800 farms in operation. Farms vary from livestock to aquaculture, and the top three crops grown in the state are wheat, corn for grain, and pecans (Source: USDA National Agriculture Statistics Service, 2015). There is also a growing presence of farmers' markets throughout the state, with more than 70 operating statewide (Source: New Mexico Farmers' Markets, 2015). New Mexico is 1st in the nation for chile production and in the top three for pecan production.

New Mexico is an excellent location for food processing of all sizes and varieties for many reasons:

- The state is experiencing exponential export growth, more than doubling its exports in less than two years. Agriculture and food products are among the state's top five exports.
- The perfect climate for agriculture also ensures the on-time delivery of goods and locally-grown produce reduces transportation costs.
- New Mexico sits between the nation's fastest growing markets and has excellent transportation infrastructure.
- New Mexico's business-friendly tax policy includes no tax on property-in-transit through the state or warehoused for delivery out-of-state, no inventory tax, the lowest property tax in the nation and tax credits for new jobs and investment.
- Competitive electric prices, land costs, and wages separate New Mexico from other states.

INDUSTRY PRESENCE

Dairies

New Mexico has become a national leader in cheese and milk production and ranks in the top 10 for number of milk cows in the nation (Source: Statista, 2015). The state produces approximately 662 million pounds of milk per month for a total of 8.105 billion pounds in 2014. New Mexico currently has 172 dairies that ship milk across state lines as well as 15 processing plants that produce a wide range of products from packaged fluid milk to cheese to whey protein concentrate (Source: Dairy Producers of New Mexico, 2015). New Mexico is home to several cheese plants, two of the largest are Southwest Cheese, in Clovis, and Leprino Foods, in Roswell (Source: USDA National Agriculture Statistics Service, 2015).

Chile

Specialty foods from New Mexico are sold worldwide, and chile is the most distinctive. Planted chile acreage in 2013 totaled 9,000 acres, producing 65,000 tons. The estimated value of the crop was \$49.5 million. Luna and Doña Ana Counties lead the state in chile production (Source: USDA National Agriculture Statistics Service, 2013).

Nuts

Pecans, peanuts, and pistachios are grown and processed here and shipped all over the globe. In 2014, the state produced 15.5 million pounds of peanuts and 65 million pounds of pecans, accounting for 20% of the annual national pecan crop (Source: USDA National Agriculture Statistics Service, 2015). Pecans are grown all over New Mexico with the largest concentration in Dona Ana County. Peanut acreage in New Mexico can be found in Lea and Roosevelt Counties. New Mexico is one of the top three producing states for pistachios along with California and Arizona. The production of pistachios for these states combined is 99.99% for the nation. Pistachio farms in New Mexico can primarily be found in Otero County (Source: Administrative Committee for Pistachios, 2013).



Organic Produce

Organic food sales in the U.S. have grown exponentially, and New Mexico is positioned to show strong growth. There are currently 194 organic and certified organic farms across the state, with 48 more farms positioning for organic status (Source: USDA National Agriculture Statistics Service, 2012). The New Mexico Department of Agriculture provides organic certification, assists farmers in selling their product, and provides a variety of training to the industry.

Wine

New Mexico’s sunbaked soils and chilly high-desert nights provide fertile ground for a wide variety of varietals. Wine was first produced in New Mexico in 1629 by Spanish missionaries. More than 20 wineries produce approximately 350,000 gallons annually. Festivals are held throughout the state each summer and early fall (Source: New Mexico Wine Growers Association).

Microbrews

New Mexico’s first microbrewery, Santa Fe Brewing Company, opened in 1988. Today there are more than 50 in operation across the state (Source: New Mexico Brewers Guild). Some of these craft beers have won titles at the Great American Beer Festival and World Beer Cup, and others can be found on store shelves across the country. Production for 2013 reached over 58,000 barrels of craft beer (Source: Brewers Association, 2013).

Microbreweries producing less than 5,000 barrels of beer annually and small wineries producing less than 560,000 liters of wine per year qualify for a preferential tax rate.



NEW MEXICO MICROBREWERIES

Abbey Beverage	Abiquiu
Blue Corn Brewery	Santa Fe
Blue Heron Brewing	Embudo
Broken Bottle Brewery	Albuquerque
Chama River Brewing	Albuquerque
High Desert Brewing	Las Cruces
Il Vicino	Albuquerque & Santa Fe
La Cumbre Brewing	Albuquerque
Marble Brewing	Albuquerque & Santa Fe
Mimbres Valley	Deming & Las Cruces
Nexus Brewery	Albuquerque
Rio Grande Brewery	Moriarty
Sandia Chile Grill	Albuquerque
Santa Fe Brewing	Santa Fe
SF Brewing Eldorado	Eldorado
Second Street	Santa Fe
Sierra Blanca	Moriarty
Taos Mesa Brewing	Taos
Three Rivers Brewing	Farmington
Tractor Brewing	Albuquerque
Turtle Mountain Brewing	Rio Rancho
The Wellhead Brewery	Artesia



WORKFORCE

In New Mexico, businesses can find affordable, highly diverse and bilingual, skilled labor. The state offers the lowest average production wage in the region, with many salaries at double-digit discounts to the national average. The *2014 State New Economy Index* ranked New Mexico first for manufacturing value added per production hour worked, and attributed the performance to business friendly policies and low costs of doing business in the state.

New Mexico’s Job Training Incentive Program (JTIP) has been recognized as one of the best in the nation (ranked 5th by Business Facilities). JTIP funds three types of customized training for newly-created jobs:

- Custom classroom training at a public education institution
- Structured on-the-job training
- A combination of the two

Reimbursable expenses include 50 to 75% of the trainee’s wages for up to six months and/or the cost of custom classroom training. Eligibility for JTIP funds depends on the company’s business, the role of the newly-created jobs in that business, and the trainees themselves. All manufacturing companies, including food processors, are considered eligible businesses for JTIP.

The Step Up Program is an aspect of JTIP that serves incumbent employees and their employers through training and reimbursements. Training and development results in new knowledge and skills in the workforce that increases employee engagement, satisfaction, and loyalty. A well trained and developed workforce reduces costly turnover and delivers higher performance for the business.

	MEDIAN HOURLY WAGE COMPARISON OF FOOD PRODUCTION WORKERS						
	New Mexico	Arizona	California	Colorado	Oklahoma	Texas	Utah
First-Line Supervisors of Production & Operating Workers	\$25.90	\$24.78	\$26.40	\$28.70	\$25.47	\$28.69	\$25.62
Food Batchmakers	\$10.63	\$10.96	\$11.79	\$12.53	\$11.70	\$10.26	\$12.75
Food Cooking Machine Operators & Tenders	\$10.87	\$11.27	\$12.81	\$11.56	\$11.84	\$11.42	\$13.51
Separating, Filtering, Clarifying, Precipitating, & Still Machine Setters, Operators, & Tenders	\$16.36	\$21.81	\$18.18	\$22.50	\$11.81	\$19.08	\$18.25
Packaging & Filling Machine Operators & Tenders	\$10.12	\$11.71	\$12.00	\$11.60	\$11.37	\$10.87	\$12.99
Industrial Machinery Mechanics	\$22.45	\$23.74	\$26.89	\$25.34	\$23.64	\$23.01	\$24.80
Drivers/Sales Workers	\$11.31	\$9.60	\$12.68	\$10.13	\$11.57	\$10.34	\$10.48
Heavy & Tractor-Trailer Truck Drivers	\$18.45	\$18.58	\$19.90	\$20.73	\$18.24	\$17.97	\$20.12
Industrial Truck & Tractor Operators	\$13.66	\$14.82	\$16.66	\$15.96	\$14.79	\$13.38	\$16.33
Packers & Packagers, Hand	\$9.00	\$9.16	\$9.57	\$9.37	\$9.73	\$9.17	\$9.94

Source: U. S. Bureau of Labor Statistics, Occupational Employment Statistics, May 2014 estimates released March 25, 2015



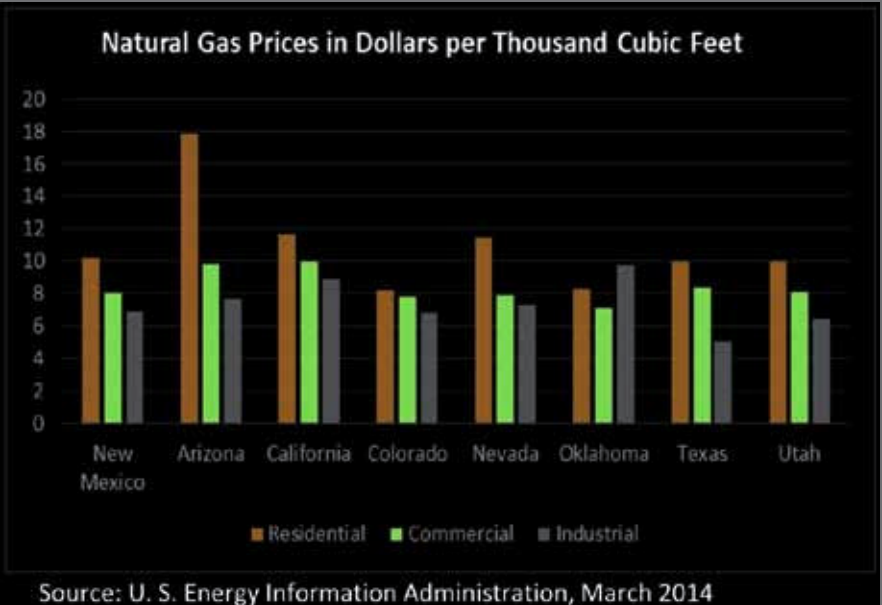
COMPETITIVE NATURAL GAS & ELECTRIC POWER

Natural Gas

New Mexico is blessed with plentiful natural resources making it a large net exporter of energy. Total energy generated within the state in 2012 was 2,316.1 trillion Btu. Mineral extraction has been the primary, sustained economic driver for the state for at least 150 years. The oil and gas sector alone returns more than \$2 billion in taxes and other revenue to the state annually.

The San Juan Basin, located in northwest New Mexico and southwest Colorado, is the largest proven natural gas reserve in the country. This 26,000 square mile geologic feature is a major source of oil and gas, and it provides approximately 70% of the gas produced in New Mexico.

The Permian Basin covers southeastern New Mexico. It is estimated that only 27% of the available resource has been extracted from the Basin, and that there are 45 billion barrels of residual oil and 30 billion barrels of mobile oil available today.



Electricity

According to the Energy Information Administration, New Mexico's energy cost was 7% below the national average in 2013 – one of the lowest in the southwest. Three companies together with rural electric distribution cooperatives provide electric service to businesses.

The state's largest electric utility provider is Public Service Company of New Mexico (PNM). PNM has repeatedly been rated one of the most reliable electric utilities in the nation, with a reliability rating of over 99.99% over the past several years. PNM has some of the lowest electric rates in the Southwest, offering an important competitive advantage to businesses that use a large amount of electricity.

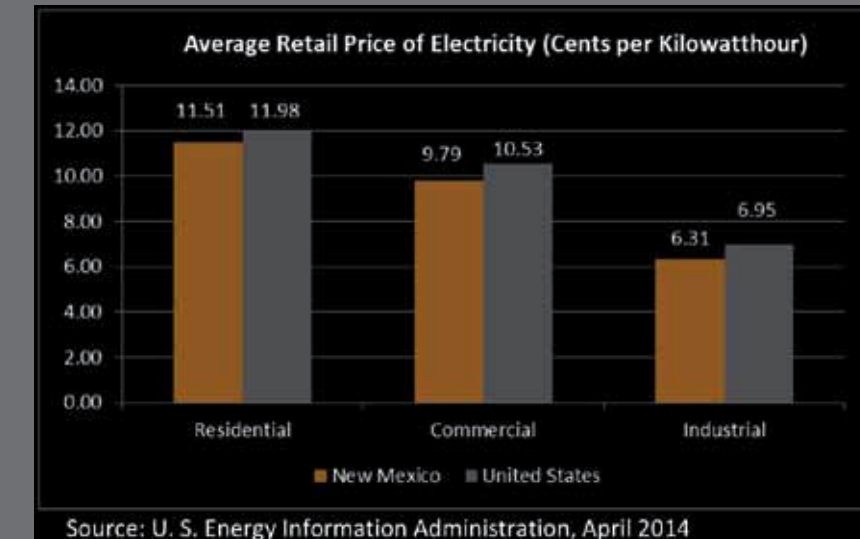
Xcel Energy serves the majority of the eastern side of the state. Commercial utility rates are among the lowest in New Mexico and the Southwest region. Xcel Energy has always ranked extremely high on the various reliability indices put out by the New Mexico Public Regulation Commission.

Southern New Mexico is primarily served by El Paso Electric (EPE). EPE has a net dependable generating capability of 1,795 MW and is ranked extremely high in reliability in both New Mexico and Texas where they do business.

Sixteen rural electric distribution cooperatives as well as two generation and transmission cooperatives serve approximately 200,000 families and businesses in New Mexico. They are established as member-owned and controlled cooperatives, delivering efficient and reliable service.

All of these utility providers serve as strong economic development partners working with stakeholders to ensure a relatively inexpensive and highly reliable service is provided to relocating and growing businesses.

In 2015 the New Mexico Legislature amended the Public Utility Act to allow for competitive electric utility rate incentives. Investor-owned utilities and electric cooperatives may offer a discounted economic development rate to a customer for four years, and the rate may be extended for a fifth year.



STRONG TAX CLIMATE

Since taking office in January 2011, Governor Martinez has worked with the New Mexico Legislature to enact significant changes to State tax policy. In January 2014 she was one of six governors recognized by the nonpartisan *Tax Foundation for Outstanding Achievement in State Tax Reform*.

- The 2013 New Mexico Jobs Package phases in a reduced corporate income tax rate from 7.6 percent to a maximum rate of 5.9 percent by January 1, 2018.
- The 2013 legislation also created a single sales factor apportionment methodology for the income of multi-state corporations, whose principal business activity is manufacturing, over the same five-year period.
- There is no inventory tax, no tax on goods in transit, and New Mexico has the lowest property tax in the nation (Source: Tax Foundation).
- There is no gross receipts tax on consumables used in manufacturing, including electricity and natural gas.
- In January 2014 Ernst & Young published a study on tax competitiveness and found that New Mexico has the best tax climate for manufacturers in the nine-state western region.
- In August 2014 Kiplinger named New Mexico the 8th most friendly tax climate, up from 9th in 2013.



CLIMATE & GEOGRAPHY

Climate

New Mexico is 2nd only to Arizona in days of sunshine per year. The climate is dry and extreme weather conditions are rare. Elevations in the state range from 2,817 ft. at Red Bluff Lake in the southern Rio Grande Valley to 13,161 ft. on Wheeler Peak in north central New Mexico. While New Mexico is considered a southern state in terms of latitude, bordering Texas and Arizona to the east and west, and Mexico to the south, its elevation provides for four seasons throughout the state.

The normal weather patterns call for warm to hot days and cool nights with scattered thundershowers in the summer and cold nights and moderate days with some snow in the winter. Fall and spring can bring some of the most gorgeous weather, with spring being the most unpredictable.

Geography

The land area of New Mexico is 121,365 square miles. It is the 5th largest state in the union. The diverse landscape includes deeply forested mountains to the vast desert of White Sands National Monument. In fact, six of the seven life zones found in the world exist in New Mexico. These life zones are classified by vegetation types and vary by altitude and orientation to the sun.

New Mexico has three topographic zones. The Rocky Mountain zone extends through the north central section of New Mexico. The plains extend from the eastern border west to the first range of the mountains that extends from the Sangre de Cristos south to the Guadalupe Mountains. The intermountain plateau includes the remainder of the state.

Mountains are New Mexico's most memorable natural characteristic. They are present in or visible from all but a few counties on the extreme eastern border, and they impact the climate and provide a watershed for most of the state. Above timberline, year-round snow peaks exist in every quadrant of the state. New Mexico mountain ranges include the Sangre de Cristo, Jemez, Brazos, Mogollon, San Juan, Zuni, San Mateo, Datil, Gallinas, Jicarilla, Capitan, White, Sacramento, Guadalupe, Sandia, Manzanos, Pinos, Oscuras, San Andres, Organ, Fra Cristobal, Caballo, and Magdalena.

Plains still cover the largest percentage of the state's topography. The Great Plains proper reach one-third of the way across New Mexico. Geographers distinguish two sections of the plains: the lava-capped uplands of the northeast corner and the Llano Estacado ("staked plains"). The Llano Estacado is bounded roughly by Interstate 40, the Pecos River and a line joining Roswell and Hobbs. Other areas of plains include the southern desert region extending from Las Cruces to Lordsburg, the northwest plateau area, and various basins. These areas are sometimes referred to as valleys and include the Tularosa and Estancia valleys and the Plains of San Agustin.



TRANSPORTATION INFRASTRUCTURE

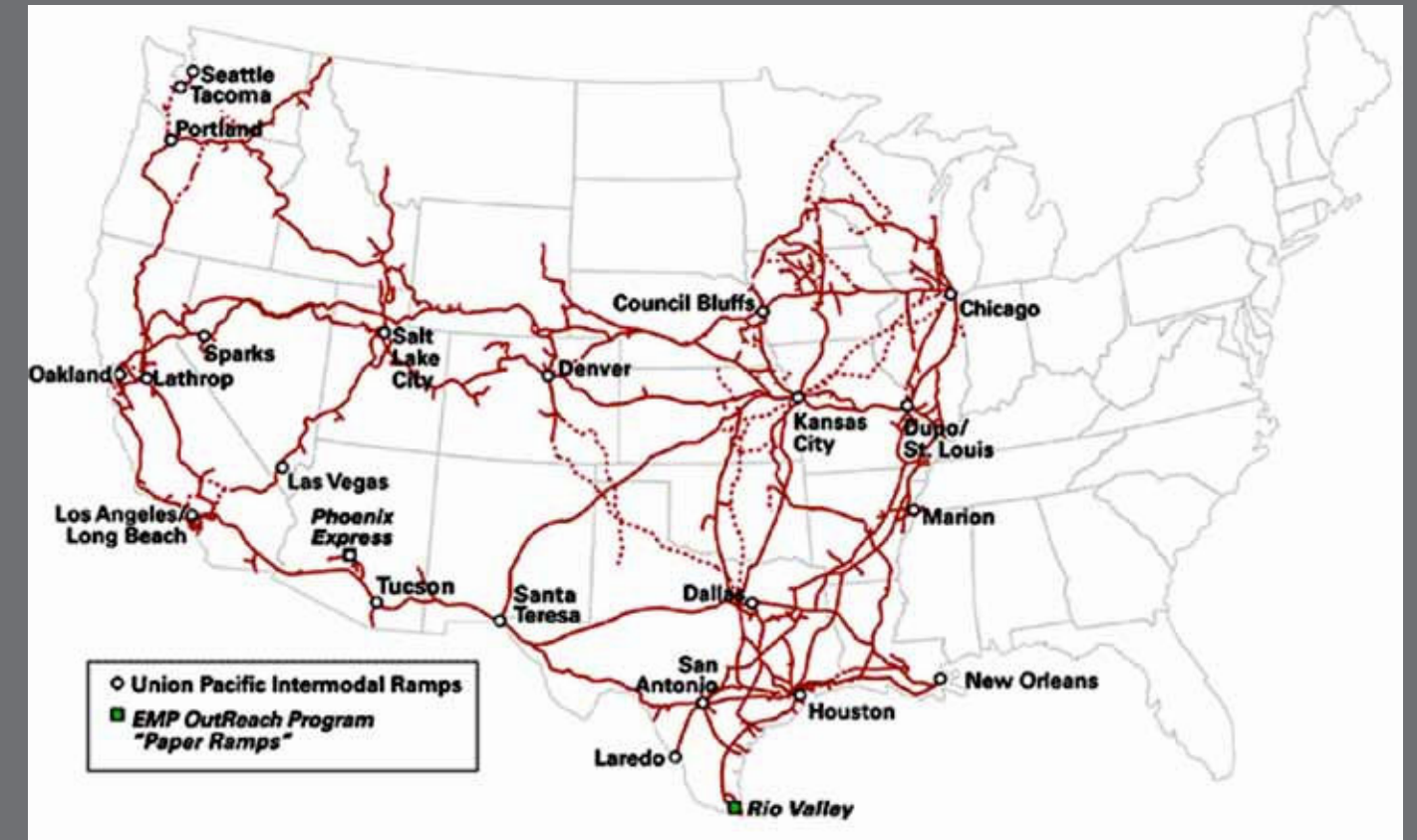
New Mexico is strategically located in the middle of the southwest and the nation's fastest growing states. An excellent highway and rail infrastructure provides direct access to the east and west coasts, Texas, the Midwest, and the international borders of Canada and Mexico. Interstates 10 and 40 connect New Mexico to both the east and west coasts. Interstate 25 connects the state to international borders at Mexico and Canada. From New Mexico goods can be delivered to Texas, Arizona, Colorado, Kansas, and Utah within one day, and California markets in two days. The volume of truck traffic into the state translates into low backhaul rates for goods leaving the state.

Rail Service

Burlington Northern Santa Fe (BNSF) and Union Pacific railroads both provide direct service to the Ports of Long Beach and Houston, as well as ports of entry at the Mexican and Canadian borders.

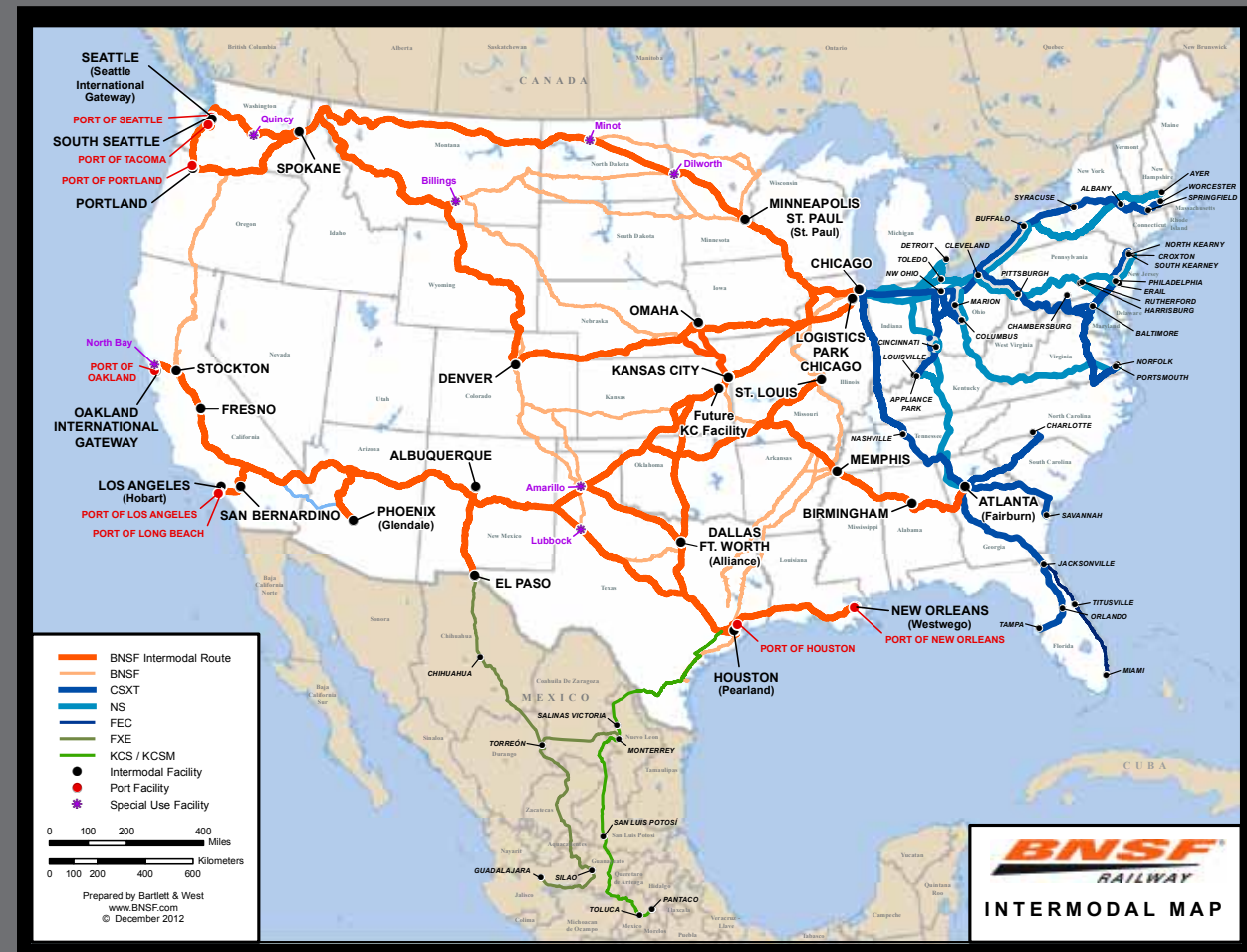
Union Pacific (UP)

Union Pacific serves 25,000 customers in 23 states across the western two-thirds of the U.S. -- a total of 31,900 route miles. The railroad has a \$400 million, 2,200 acre intermodal facility near the Santa Teresa International Port of Entry to Mexico on the Sunset Route. The new facility is located just west of the Santa Teresa Airport and includes fueling facilities, crew change buildings, locomotive inspection tracks, an intermodal ramp, a switching yard, and 200 miles of track.



Burlington Northern Santa Fe Railway (BNSF)

BNSF serves 28 states and two Canadian provinces -- a total of 32,500 route miles. It operates a multimodal rail yard in Belen, 30 miles south of Albuquerque. The railway is investing \$68 million on a double-track project in New Mexico, which is expected to be in service in mid-2015. BNSF is also investing approximately \$1.1 billion on locomotive, freight car, and other equipment acquisitions, many of which will serve New Mexico.



AIR SERVICE

More than 60 airports are located throughout New Mexico. Two international airports serve different regions of the state:

- Albuquerque International Sunport provides nonstop service to 23 cities daily via eight commercial carriers. Three cargo carriers serve the airport: Federal Express, DHL, and UPS.
- El Paso International Airport is served by five commercial carriers with nonstop service to 10 cities. It is served by four cargo carriers: Federal Express, UPS, DHL and Cargo Force.

ALBUQUERQUE INTERNATIONAL SUNPORT	NONSTOP SERVICE							
	Alask Airlines	American	Delta	JedBlue	New Mexico Airlines	Southwest	United	US Airways
Atlanta			X					
Baltimore-Washington						X		
Chicago-O'Hare		X					X	
Chicago-Midway						X		
Dallas/Fort Worth		X						
Dallas/Love Field						X		
Denver						X	X	
Houston						X	X	
Kansas City						X		
Las Vegas						X		
Los Angeles		X				X	X	
Minneapolis/St. Paul			X					
NYC/John F. Kennedy				X				
Oakland						X		
Orlando						X		
Phoenix						X		X
Portland						X		
Salt Lake City			X					
San Diego						X		
San Francisco							X	
Seattle-Tacoma		X				X		
St. Louis						X		
Tucson						X		
IN-STATE SERVICE								
Carlsbad					X			
Los Alamos					X			

Source: Albuquerque International Sunport, updated November 2014

EL PASO INTERNATIONAL AIRPORT	NONSTOP SERVICE				
	American	Delta	Southwest	United	US Airways
Atlanta		X			
Austin			X		
Chicago O-Hare					
Dallas/Fort Worth	X				
Dallas Love Field			X		
Denver				X	
Houston Hobby			X	X	
Las Vegas			X		
Los Angeles	X		X		
Phoenix			X		X
San Antonio			X		

Source: El Paso International Airport, updated Nov. 2014

Four regional airports offer commercial air service:

- The Santa Fe Municipal Airport is served by both American and United Airlines. American provides nonstop service to Dallas-Fort Worth and Los Angeles. United provides daily nonstop service to Denver.
- Boutique Air offers direct service between Clovis and Dallas-FortWorth and between Albuquerque and Silver City.
- Lea County Regional Airport inHobbs is served by United with daily flights to Houston.
- Four Corners Regional Airport in Farmington is served by Great Lakes Airlines, a code share partner for United Airlines. Service is available to Denver and Alamosa Colorado, and to Phoenix and Show Low, Arizona.





LIFESTYLE

Few places on earth offer the rich history and cultural diversity found in New Mexico. Native American culture has been present in the state for more than 2,500 years, and is home to 22 Native American tribes. Their rich history is celebrated today in museums, ceremonial dances, arts and crafts, language, and traditional villages. Visitors can celebrate on the pueblos year round during designated feast days, and partake in native homemade cuisine and tradition. The annual SWAIA Santa Fe Indian Market is held the 3rd weekend in August and features more than 1,000 Native artists.

Chaco Culture National Historic Park dates to 850AD and is considered the most exceptional concentration of pueblos in the American Southwest. It is one of only 20 World Heritage sites in the U.S. Chaco is probably the best representation of the first art ever created in New Mexico. Follow the Trail of the Ancients to visit more historic and cultural sites in the Four Corners.

Spanish colonial culture arrived in the state in the late 1500's, contributing over 500 years of Hispanic influence to the New Mexican way of life. The Annual Traditional Spanish Market displays this influence through food and art in Santa Fe during the summer and in Albuquerque during the winter. The combination of Native and Hispanic elements results in a strong culture found in every aspect of the state from food and fiestas to architecture and art.

The Taos Art Colony and Taos Society of Artists began in 1898 when Ernest L. Blumenschein and Bert Geer Phillips broke a wagon wheel while headed to Mexico to sketch and paint. Both eventually made Taos home and would be joined by many others in the years to come. Taos is still the residence of many talented artists. New Mexico is known as The State of the Arts because it is home to more working artists, open studios, artist-owned galleries, and specialty and artisan-oriented shops than any other state per capita. Visitors can schedule studio tours, which is a great way to explore New Mexico by finding new and traditional art, meeting the artists, and eating local food.

While local events are common, New Mexico has just the perfect environment to host international events every year. Every visitor, no matter where they are from, will find the relaxed lifestyle charm-

ing and endearing, while also experiencing other worlds at their fingertips. The Santa Fe International Folk Art Market is the largest of its kind bringing in cultures from more than 40 countries for over 20,000 visitors to experience at the height of New Mexico's beauty in the summer. Other colorful events include the Roswell UFO Festival, the Great American Duck Race in Deming, the Lincoln County Cowboy Symposium, and Whole Enchilada Festival in Las Cruces.

Visitors are also drawn to the state's many historical sites, museums, and celebrations every year. The State of New Mexico operates eight museums covering a range of interests, from Space History to Folk Art. There are over 40 museums, and hundreds of art galleries throughout the state covering anything from local artisan art to globally-known fine art. Summer is the season for art in New Mexico, including performance art. Thousands come to New Mexico for the Santa Fe Opera season in the world-renown venue that is like no other. The annual Blues Festival held Memorial Day weekend each year draws hundreds of blues enthusiasts to Silver City, a beautiful town in the Gila Wilderness with its own rich history and, today, home to many art galleries. New Mexico's beautiful historic theaters offer a variety of performing arts, symphonies, chamber music, concerts, and plays.

For those who want to experience the beauty of nature, the state operates 36 parks, 3 national parks, and 12 national monuments. The most famous of these is Carlsbad Caverns National Park, with some of the largest underground caves and chambers in the world. During the summer, stay until



dusk and watch as nearly 400,000 bats fly out of the cave for their evening adventure. Nearby Lechguilla Cave, explored to depths of 1,593 feet, is the nation's deepest cave, and the Gila Wilderness, an area of mountainous beauty and ancient cliff dwellings, was the first wilderness area to be so designated by Congress. Viewers will be struck by White Sands National Monument, which is 275 square miles of pure white sand.

Hiking and biking trails are for you to discover from Angel Fire to Las Cruces, or you can rock climb in Diablo Canyon or see the natural sights at Tent Rocks near Cochiti Pueblo. After a long day of outdoor activity, soak in any one of the hot mineral springs throughout the state in Jemez Springs, which offers both hot and cool, primitive and luxurious pools; Truth or Consequences, whose springs heat up to 115 degrees Fahrenheit; or the 145 year-old Ojo Caliente Mineral Springs, which are known for their healing powers.

Boating on any of the 20 lakes in our state parks from Elephant Butte in the south to Navajo Lake in the northwest is a great way to enjoy the fresh air and beautiful scenery, and the quality trout waters of the San Juan River are well known to fly fishermen everywhere. Go rafting or kayaking in any one of New Mexico's rivers, totaling 200 miles of waterway, or dive into the Blue Hole in Santa Rosa, a natural 80 foot deep pool, for scuba diving.

Or if you'd rather take a day trip, nearly any town you visit has its own story of life in the wild 'old west' and getting there is an experience in itself. This is especially true of the many ghost towns you may encounter along any one of New Mexico's 25 magnificent scenic byways, which equal over 2,900 miles across a diverse landscape. You can follow one of these paths to take a tour of Georgia O'Keefe's Ghost Ranch in Abiquiu, then visit the museum dedicated to her life and work in Santa Fe. You can also follow the Film Trails and tour the scenes from films and television shows made in New Mexico.

New Mexico hosts all four seasons and fall is one of the most beautiful. The smell of roasting chile in the air, the taste of freshly picked and roasted pinon, and the golden sight of the aspen leaves changing colors on the mountain tops bring warmth to you as the breeze turns cooler. Fall is also a season for fiestas! The International Balloon Fiesta attracts visitors from all over the world to see the Albuquerque sky decorated with colorful and special-shaped hot air balloons. Santa Fe kicks off the harvest season with Fiestas de Santa Fe and continues the celebration with the Wine and Chile Festival, Hatch hosts their chile festival, and the Whole Enchilada Fiesta in southern New Mexico. This is the 3rd largest event in the state and one of the top 100 events in the nation.

From the stark, arid beauty of southern New Mexico's deserts to some of the country's finest ski slopes located on over 20 mountain ranges, this land of breathtaking contrasts offers a myriad of outdoor activities year-round. Each season New Mexico slopes average 300 inches of snow, the Kachina lift at Taos Ski Valley is one of the highest in North America, and Angel Fire is the only New Mexico resort with night skiing. If you are not a skier, there are plenty of other snow activities inner tubing, snowshoeing, snowmobiling, sleigh rides, ice fishing, and ice skating.





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