

**PROGRAM:** New Mexico Compensating Tax Exemption

**AGENCY:** Taxation and Revenue Department

**DESCRIPTION:** Compensating tax is an excise tax imposed on the privilege of using property in New Mexico. When property is purchased outside New Mexico and brought into the state for use a compensating tax is due on the value of the property.

**PROGRAM LOAN/STRUCTURE:**

- **Maximum Program Benefits:** Allows an exemption on the value of tangible personal property purchases outside New Mexico and used by a governmental entity or a business using the property for projects financed using Industrial Revenue Bonds (IRBs).
- **Rate:** The compensating tax rate is 5%.

**QUALIFICATION CRITERIA/COMMENTS:**

- This exemption can only be taken by governmental entities or businesses using tangible personal property for **projects financed using IRBs**.
- This exemption does not apply to the use of property that is incorporated into a metropolitan redevelopment project or the use of construction material.
- See Section **7-9-14 NMSA 1978**.
- Visit the Taxation and Revenue Department homepage at <http://www.state.nm.us/tax/home.htm> or call the office of the Secretary at (505)827-0341.