



STATE OF NEW MEXICO  
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**Susana Martinez**  
*Governor*  
**Demesia Padilla, CPA**  
*Cabinet Secretary*

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## **New Residential Certification For Local Businesses and Contractors To Bid On State Contracts Takes Effect In-State Companies and Contractors Receive Five Percent Bidding Advantage**

**SANTA FE** – New Mexico companies or contractors who wish to obtain a five percent bidding advantage on all state contracts are required to obtain a valid resident business certificate or resident contractor certificate issued by the State Taxation and Revenue Department starting Jan. 1, 2012. This in-state preference doesn't apply to contracts that use federal funding.

“The new residential certification process will stop the abuse of in-state preference provisions and truly help New Mexico businesses and contractors to competitively bid for state contracts,” said Demesia Padilla, Secretary for the Taxation and Revenue Department. “This will also help us to more thoroughly screen in-state preference applications to determine whether they are in compliance with paying property and other state taxes.

“Once they meet all the requirements under the new provisions, both in-state companies and in-state contractors are required to have their residential and tax information certified by a certified public accountant,” Secretary Padilla said.

The new in-state preference law, sponsored by Sen. Timothy Keller and Rep. Larry Larranaga, was passed during the Special Legislative Session in October and signed into law by Governor Susana Martinez.

Under the new law, in-state companies and contractors will receive:

- Five percent of the total weight of all the factors used in evaluating the proposals; and
- The equivalent of five percent of total points if the state contract is awarded on a point-based system.

Some of the requirements for in-state certification process for businesses include:

- The business has paid property taxes or rent on real property in the state and paid at least one other tax administered by the state in each of the three years immediately preceding the submission of the affidavit;

- A new business has paid property taxes or rent on real property in the state and has paid at least one other tax administered by the state in each of the three years immediately preceding the submission of the affidavit and has not applied for a resident business or resident contractor during that time period;
- If the business is a relocated business, at least 80 percent of the total personnel of the business in the year immediately preceding the submission of the affidavit were residents of the state and that, prior to the submission of the affidavit, the business either leased real property for 10 years or purchased real property greater than \$100,000 in value in the state.

Some of the requirements for the in-state certification process for contractors include:

- The contractor has registered with the state at least one vehicle;
- In each of the five years immediately preceding the submission of the affidavit the contractor;
  - Paid property taxes or rent on real property in the state and paid at least one other tax administered by the state;
  - Paid unemployment insurance on at least three full-time employees who are residents of the state;
- A new contractor has paid property taxes or rent on real property in the state and has paid at least one other tax administered by the state in each of the five years immediately preceding the submission of the affidavit and has not applied for a resident business or resident contractor certificate pursuant to this section during that time period;
- If the contractor is a relocated business, at least 80 percent of the total personnel of the business in the year immediately preceding the submission of the affidavit were residents of the state and that, prior to the submission of the affidavit, the contractor either leased real property for 10 years or purchased real property greater than \$100,000 in value in the state.

For more details about the new provisions, please open the attachment.