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FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/09
 LAST UPDATED 02/20/09 **HB** _____

SPONSOR Harden

SHORT TITLE Economic Development Project Requirements **SB** 264/aSCONC

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)
 Economic Development Department (EDD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SCONC Amendment

The Senate Conservation Committee Amendment limits sales to food and commodities rather than goods and commodities. The amendment further defines “business” and “food” as meeting the definitions of retail food store and food respectively for purposes of the Food Stamp Program. The amendment refines the designation of “outside an urban area” specifying a population of less than 5,000 people.

Synopsis of Original Bill

Senate Bill 264 amends the Local Economic Development Act to allow a business located in a rural area that is primarily engaged in the sale of goods or commodities at retail be considered as an eligible entity. Rural is defined as an area or location identified by the ED as falling outside of an urban area.

FISCAL IMPLICATIONS

The bill has no fiscal impact for state operations. It does, however, expand the scope of businesses eligible for local economic development efforts.

SIGNIFICANT ISSUES

The NMFA notes that through the Local Economic Development Act (LEDA) local governments are allowed to provide public support of economic development projects through credit pledges and direct contributions. Increasing the eligible types of business to include a retail sales facility may be particularly helpful to smaller communities that have adopted by ordinance their LEDA plans by allowing these types of projects that do provide substantial community impact to locate in communities that need these types of services.

The EDD states that in Article 10 Section 5-10-3 I of the local economic development act, retail is not identified as a “qualifying Entity”. Amending the LEDA act to include retail as a “qualifying Entity” would allow rural communities to assist retail businesses with much needed rural infrastructure and provide such basic needs as a grocery store or gas station.

The DFA notes that the bill will allow public support through the Local Economic Development Act for businesses located in a rural community that are primarily engaged in the sale of goods or commodities at retail.

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