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FISCAL IMPACT REPORT

SPONSOR Taylor ORIGINAL DATE 02/07/14
 LAST UPDATED _____ HB 346

SHORT TITLE Digital Media Accelerator Business Program SB _____

ANALYST Clark

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY14 | FY15 | FY16 | | |
| | NFI | NFI | | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 346 establishes a digital media accelerator program within the Economic Development Department (EDD) to be administered by the department's film division. The goal of the program is to produce a trained workforce and jobs in the digital media industry, and the program shall provide technical assistance, consulting, mentoring, business training, marketing assistance, and networking opportunities to digital media small businesses.

The bill also creates the digital media accelerator revolving fund, consisting of payments from digital media accelerator clients, appropriations, gifts, grants, donations, bequests, income from investment of the fund, and money otherwise accruing to the fund. Money in the fund shall not revert to any other fund at the end of a fiscal year and is appropriated to EDD to provide for the maintenance, operation, and expansion of the digital media accelerator.

FISCAL IMPLICATIONS

There is no immediate fiscal impact. While the bill appropriates money in the digital media

accelerator revolving fund to EDD, allowing the department to avoid the limitation of the “5 percent rule” for budget increases, it does not provide an appropriation to the fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

In the last 10 years, New Mexico’s film industry grew substantially, and 197 major film and television productions shot at least some footage in the state from January 2003 through June 2013. However, related digital media business growth in New Mexico has lagged behind the film industry. Efforts to recruit digital media companies from out of state have proved largely unsuccessful, with companies noting New Mexico’s relative lack of a trained workforce. The digital media accelerator program contemplated by this bill could provide an additional resource to assist local digital media businesses, and train the workforce for the benefit of these existing companies and to help lure outside companies to relocate to the state.

The Attorney General’s Office notes use of the term “digital media small business” is vague. To avoid possible confusion or disagreement between companies and EDD regarding qualification for the program, it would be beneficial to specifically define what entities constitute a “digital media small business” and are consequently eligible for the services provided for in this bill.

ADMINISTRATIVE IMPLICATIONS

EDD reports the agency’s film division, including the digital media employee, would be able to coordinate the activities of the digital media accelerator with no additional operating budget impact.

JC/ds