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FISCAL IMPACT REPORT

SPONSOR SHPAC ORIGINAL DATE 02/10/21
LAST UPDATED _____ HB _____
SHORT TITLE Uses of Local Economic Development Funding SB 49/SHPACS
ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

The Senate Health and Public Affairs Committee Substitute for Senate Bill 49 uses notwithstanding language to override the provisions of Subparagraph (b) of Paragraph (2) of Subsection M of the Local Economic Development Act, Section 5-10-3 NMSA 1978. It allows for the use of local municipal LEDA funds for the expansion of existing retail and recruitment of new retail. If the new retail has a presence in another New Mexico community, it must remain in that community.

The effective date of this bill is July 1, 2021 and ends on June 30, 2030.

FISCAL IMPLICATIONS

Senate Health and Public Affairs Committee substitute for Senate Bill 49 does not contain an appropriation and will not have a fiscal impact on the operating budget of the Economic Development Department.

It is important to note that this bill does not impact state LEDA funds.

SIGNIFICANT ISSUES

The Economic Development Department states that the notwithstanding language overrides the following provisions of Subparagraph (b) of Paragraph (2) of Subsection M of Section 5-10-3 NMSA 1978:

- M. "retail business" means a business that is primarily engaged in the sale of goods or commodities at retail and that is located in a municipality with a population, according to the most recent federal decennial census, of:
 1. fifteen thousand or less; or
 2. more than fifteen thousand but less than thirty-five thousand if:
 - the economic development project is not funded or financed with state government revenues; and
 - the business created through the project will not directly compete with an existing business that is: 1) in the municipality; and 2) engaged in the sale of the same or similar goods or commodities at retail.

This bill provides one additional provision to existing statute, “Provided that no funding shall be provided to an existing retail business to relocate from another location in New Mexico if the business does not remain in its previous location in New Mexico.”

This language does not define what “remains in its previous location” is, so it is ambiguous as to whether that means a month or in perpetuity.

JM/al