

Best Practices for Results Focused Government:

Results-Focused Leadership:

- Articulating a results focused strategy,
- Asking for and acting on evidence,
- Maintaining accountability for performance.

Evidence-Related Strategies:

- Developing learning agendas,
- Creating an evaluation policy,
- Using rapid experimentation.

Performance Management:

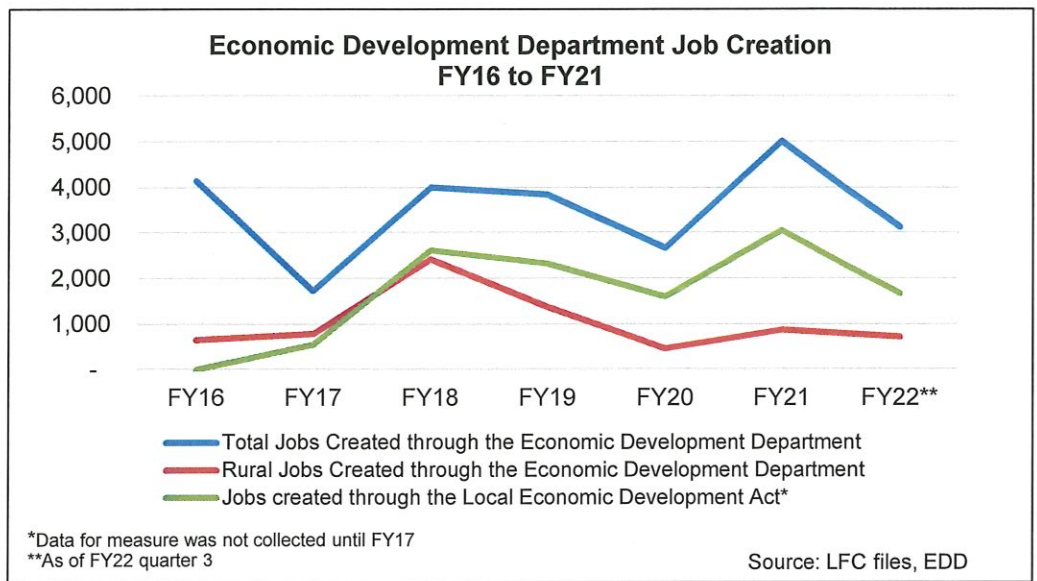
- Using performance information,
- Implementing strategic planning,
- Weaving a performance focus into budgeting, and
- Collaboration.

Using Data:

- Data sharing

Problem Statement

After nearly two years of adapting an already fragile economy to an unprecedented global health pandemic, New Mexico is finally on the road to recovery. The Economic Development Department (EDD) improved outcomes for several hard-hit key metrics, including overall jobs created by the department and jobs created through Local Economic Development Act (LEDA) funds. Even rural jobs created by the department, which were much slower to recover, are on track to surpass FY21 levels. Though job growth at the department level is improving, New Mexico continues to lag behind other states in total employment, wages, and participation. With over \$200 million in new funding for various economic development initiatives (including \$50 million for LEDA), and a ten month old 20 year strategic plan, the department has more resources, and responsibility, than ever to transform the state’s economy through evidence based strategies.



Strategic Plan. The department received \$1.5 million in federal Economic Development Administration money to procure a statewide economic development plan. The plan’s findings report barriers to economic growth that policy makers and economic developers on the ground have lamented for years, including lack of collaboration between stakeholders, difficulties attracting and retaining talent, misalignment between higher education and industry, public sector dominance in New Mexico’s economy, and concentration of economy in key sectors.

The 400 page strategic plan is rooted in the nine target industries previously identified by EDD: bioscience, aerospace, cybersecurity, film, outdoor recreation, sustainable agriculture, intelligent manufacturing, global trade, and sustainable energy. The department holds that the document is meant to be a “road map” for the state rather than a prescriptive solution. Still, the plan includes specific action plans detailing timelines, project leads, and cost estimations for

One Time Economic Development Funding at a Glance		
(dollars in thousands)		
Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	3,000	
Trails + Grants	7,000	
Film Academy		40,000
Local Economic Development Act		50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	435	3,500
Local grant management		1,500
Opportunity Enterprise Fund		70,000
Job Training Incentive Program		6,000
Subtotal	10,000	201,000
Grand Total		216,435

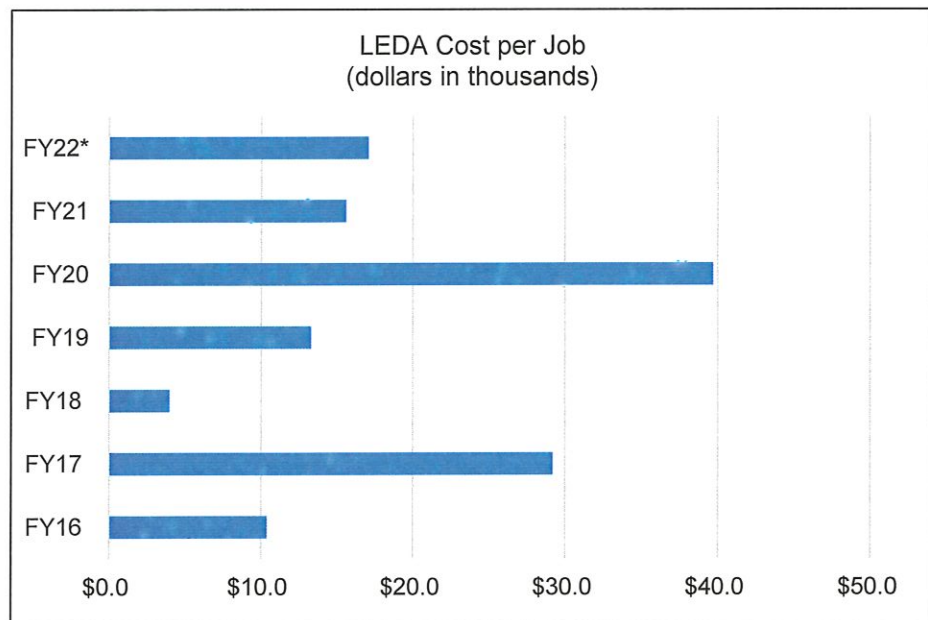
Source: LFC Files

kick starting the economy. Of the action plan items, eight are listed as “short term” meant to be completed within 1-2 years, including:

- Establishing specific industry councils
- Hiring a grant and proposal writer
- Establish recurring virtual quarterly meetings between EDD and stakeholders in New Mexico’s economic development ecosystem
- Establishing a competitive fund for regional, local, tribal and nonprofit organizations to secure matching funds required for grants
- Work with state regulatory agencies to identify bottlenecks in permitting, licensing, and approval process, publish a digital “relocation roadmap” to lure businesses to the state

The agency has established some industry specific council

Cost Per Job for LEDA. New Mexico’s financial incentive programs are among the most generous in the United States, and legislative investment in these programs, especially LEDA, has increased. The unique nature of the state’s incentive programs makes measuring their efficacy and return on investment crucial. For LEDA, cost per job varies greatly between projects, indicating inconsistent award criteria. The average cost per job for LEDA awards for FY22 (as of the third quarter) is \$17 thousand. Attachments 1-4 provide more detail on LEDA and JTIP recipients and cost per job.



Other Initiatives. Recognizing the importance of diversifying and growing the state’s economy, the Legislature prioritized economic development in the 2022 regular legislative session. The 2022 General Appropriation Act increased the Economic Development Department’s recurring budget by 19 percent, in addition to appropriating \$216 million for various economic development initiatives. Chapter 57 (House Bill 7), the Opportunity Enterprise Act, creates the opportunity enterprise fund and review board designed to work in conjunction with the New Mexico Finance Authority (NMFA) and EDD to provide financing, leases, loans, and revolving funds to qualifying businesses. Chapter 21 (House Bill 104), the Venture Capital Investment Act, creates the venture



capital investment fund under the NMFA. The purpose of the fund is to make investments in new, emerging, or expanding business in New Mexico that create new job opportunities. NMFA has not yet promulgated rules for the programs, and EDD will be expected to lead the charge on much of the planning and execution of these programs, both set to begin July 1, 2022.

Suggested Questions

- Ten months in, how many of the short-term strategic plan action items has the department completed or nearly completed?
- What makes the proposals in this plan different from previous department efforts?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How much of the strategic plan employs evidence-based practices?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

FY22 LEDA Awards (Up to Q3)

Company	Jobs	Private Investment	LEDA Commitment
WTEC Energy Corp	315	\$21,150,000.00	\$2,000,00.00
Earth Traveler Teardrop Trailers LLC	23	\$1,300,000.00	\$37,000.00
Artico Cold Management	60	\$30,000,000	\$600,000
Aspen & Autumn LLC	71	\$9,638,000	\$750,000
Pajarito Powder LLC	50	\$500,000	\$250,000
Universal Hydrogen Co.	500	\$254,000,000	\$10,000,000
Curia	274	\$103,274,075	\$5,000,000
Heritage Driven LLC	30	\$2,500,000	\$250,000
Four and Five LLC dba G Boyz Beef Jerky	9	\$319,692	\$50,000
Green Stream Farms, LLC	23	\$15,068,000	\$250,000
BlueHalo, LLC	64	\$60,00,000	\$2,250,000
MTX Group, Inc.	250	\$2,500,000	\$2,000,000
TOTAL	\$1,669	\$440,249,767	\$21,437,000

FY21 Completed LEDA Projects

Rural Projects	Location	County	LEDA Investment	New Jobs	Private Investment
Ascent Aviation	Roswell	Chaves	\$ 4,000,000	360	\$ 18,000,000
Prent Corporation	Santa Teresa	Dona Ana	\$ 500,000	85	\$ 2,192,000
SCEYE	Valencia County	Valencia	\$ 5,000,000	140	\$ 100,000,000
Cymmetrik	Santa Teresa	Dona Ana	\$ 160,000	10	\$ 1,000,000
SpinLaunch	Spaceport America	Sierra	\$ 4,000,000	59	\$ 45,400,000
La Primera Tortilla Factory	Sunland Park	Dona Ana	\$ 50,000	14	\$ 2,700,000
Capitol Bar & Brewery	Socorro	Socorro	\$ 50,000	6	\$ 728,000
Total Rural			\$ 13,760,000	674	\$ 170,020,000
Average Rural Salary:					\$ 75,329

Urban Projects	Location	County	LEDA Investment	New Jobs	Private Investment
LaSen, Inc.	Las Cruces	Dona Ana	\$750,000	67	\$4,325,000
NM Fresh Foods	Albuquerque	Bernalillo	\$750,000	74	\$9,344,644
Netflix Expansion	Albuquerque	Bernalillo	\$17,000,000	994	\$500,000,000
Nature's Toolbox (NTx)	Rio Rancho	Sandoval	\$5,000,000	116	\$26,900,000
Los Poblanos Organic Farms	Albuquerque	Bernalillo	\$250,000	24	\$2,300,000
Bueno Foods	Albuquerque	Bernalillo	\$500,000	49	\$10,000,000
Build With Robots	Albuquerque	Bernalillo	\$360,000	64	\$36,200,000
Beck and Bulow	Santa Fe	Santa Fe	\$250,000	52	\$1,160,000
Affordable Solar	Albuquerque	Bernalillo	\$500,000	70	\$11,228,000
Intel	Rio Rancho	Sandoval	\$5,000,000	700	\$3,500,000,000
Saputo Cheese	Las Cruces	Dona Ana	\$2,500,000	150	\$30,000,000
American Gypsum	Bernalillo	Bernalillo	\$500,000		\$22,000,000
Contigo Compounding & Infusion Pharmacy	Albuquerque	Bernalillo	\$150,000	24	\$1,200,000
Total Urban			\$33,360,000	2,384	\$4,154,657,644
Average Urban Salary:					\$ 80,486

	Average Salary	LEDA Match Rate	Leda Investment	New Jobs	Private Investment
LEDA Total	\$ 79,349	92:1	\$ 47,120,000	3,058	\$ 4,324,677,644

Source: EDD

JTIP Companies Approved in FY21

Company	Approved Budget	Trainees	Avg. Wage	City	County
3D Glass Solutions, Inc.	\$111,069.76	6	35.10	Albuquerque	Bernalillo
3D Glass Solutions, Inc.	\$32,460.00	1	55.00	Albuquerque	Bernalillo
3D Glass Solutions, Inc.	\$27,453.92	1	34.86	Albuquerque	Bernalillo
3D Glass Solutions, Inc.	\$13,480.00	2	19.50	Albuquerque	Bernalillo
3D Glass Solutions, Inc.	\$76,003.20	4	36.54	Albuquerque	Bernalillo
3D Glass Solutions, Inc. (Amendment)	\$25,210.00	1	19.50	Albuquerque	Bernalillo
3D Glass Solutions, Inc. (Amendment)	\$19,999.20	1	38.46	Albuquerque	Bernalillo
3D Glass Solutions, Inc. (Amendment)	\$51,480.00	1	90.00	Albuquerque	Bernalillo
Advanced Manufactured Power Solutions	\$43,625.44	2	37.26	Albuquerque	Bernalillo
Affordable Solar Installation, Inc.	\$364,154.80	19	36.22	Albuquerque	Bernalillo
Affordable Solar Installation, Inc. (Intern)	\$5,440.00	1	17.00	Albuquerque	Bernalillo
Apple Canyon Gourmet, Inc. (Amendment)	\$5,440.00	1	17.00	Albuquerque	Bernalillo
ATC Chemical, LLC	\$14,440.00	2	21.00	Albuquerque	Bernalillo
Automotive Test Solutions, Inc.	\$14,440.00	2	21.00	Albuquerque	Bernalillo
Barela Timber Management Company, Inc.	\$25,307.20	6	12.21	Las Vegas	San Miguel
Beck & Bulow, LLC	\$41,000.00	6	19.25	Santa Fe	Santa Fe
BennuBio, Inc.	\$195,852.00	10	36.00	Albuquerque	Bernalillo
BennuBio, Inc. (Intern)	\$5,600.00	1	17.50	Albuquerque	Bernalillo
BMR Corporation, dba: Pronto Signs	\$11,440.00	1	21.75	Santa Fe	Santa Fe
Broadspot Imaging Corporation	\$245,926.00	11	40.34	Albuquerque	Bernalillo
Broadspot Imaging Corporation (Intern)	\$7,200.00	1	22.50	Albuquerque	Bernalillo
Build With Robots, LLC	\$61,060.00	2	52.50	Albuquerque	Bernalillo
Build With Robots, LLC Interns	\$16,320.00	2	25.50	Albuquerque	Bernalillo
Build With Robots, LLC (Interns)	\$14,080.00	2	22.00	Albuquerque	Bernalillo
Build With Robots, LLC	\$144,536.00	6	50.10	Albuquerque	Bernalillo
Build With Robots, LLC (Amendment)	\$10,296.00	1	35.00	Albuquerque	Bernalillo
Build With Robots, LLC (Amendment)	\$20,020.00	1	35.00	Albuquerque	Bernalillo
Build With Robots, LLC (Amendment)	\$71,786.00	3	41.83	Albuquerque	Bernalillo
Build With Robots, LLC (Amendment)	\$12,000.00	1	25.00	Albuquerque	Bernalillo
Carenet Healthcare Services	\$111,130.00	45	13.53	Albuquerque	Bernalillo
CAVU Aerospace, Inc.	\$135,958.00	10	21.20	Roswell	Chaves
CAVU Aerospace, Inc.(Apprentices)	\$102,960.00	10	16.50	Roswell	Chaves
CBP Acquisition Company, dba: Crego Block	\$90,680.00	11	20.20	Albuquerque	Bernalillo
Century Wire Products West	\$39,361.00	6	13.32	Moriarty	Torrance
Compass Made, Inc. (STEP UP)	\$8,875.00	7	n/a	Deming	Luna
Cummins Natural Gas Engines	\$11,560.00	2	16.50	Clovis	DeBaca
Cymmetrik Technologies	\$104,847.00	6	26.49	Santa Teresa	Dona Ana
Dee Dee's Finest Beef Jerky	\$50,392.00	8	13.07	Espanola	Rio Arriba
Ex Novo Brewing Company, LLC	\$31,384.00	3	18.67	Corrales	Sandoval
Faneuil, Inc.	\$822,382.40	251	13.13	Albuquerque	Bernalillo
Faneuil, Inc.	\$426,300.00	125	13.44	Albuquerque	Bernalillo
Fiore Industries, Inc.	\$86,592.00	4	39.50	Albuquerque	Bernalillo
General Airframe Support, Inc.	\$170,312.40	16	20.32	Roswell	Chaves
Green Theme Technologies, Inc.	\$126,794.08	6	39.27	Albuquerque	Bernalillo
Green Theme Technologies, Inc.	\$76,093.88	4	35.07	Rio Rancho	Sandoval
High Plains Processing, LLC	\$287,298.00	22	21.39	Las Vegas	San Miguel
High Plains Processing, LLC (Amendment)	\$44,410.00	4	23.00	Las Vegas	San Miguel
High Plains Processing, LLC	\$250,586.00	18	22.53	Las Vegas	San Miguel
High Plains Processing, LLC (Amendment)	\$15,288.00	1	19.60	Las Vegas	San Miguel
IDEAS Engineering & Technology, LLC	\$91,915.12	6	28.52	Albuquerque	Bernalillo
IDEAS Engineering & Technology, LLC (Interns)	\$11,040.00	2	17.25	Albuquerque	Bernalillo
Indica Labs, Inc.	\$211,894.20	10	38.47	Albuquerque	Bernalillo
Indica Labs, Inc. (Amendment)	\$28,039.20	2	27.65	Albuquerque	Bernalillo
Indica Labs, Inc. (Amendment) Interns	\$35,392.00	5	22.12	Albuquerque	Bernalillo
Indica Labs, Inc (Intern)	\$7,078.40	1	22.12	Albuquerque	Bernalillo
Indica Labs, Inc.	\$302,086.24	14	39.41	Albuquerque	Bernalillo
Indica Labs, Inc. Amendment)	\$37,128.52	2	32.45	Albuquerque	Bernalillo

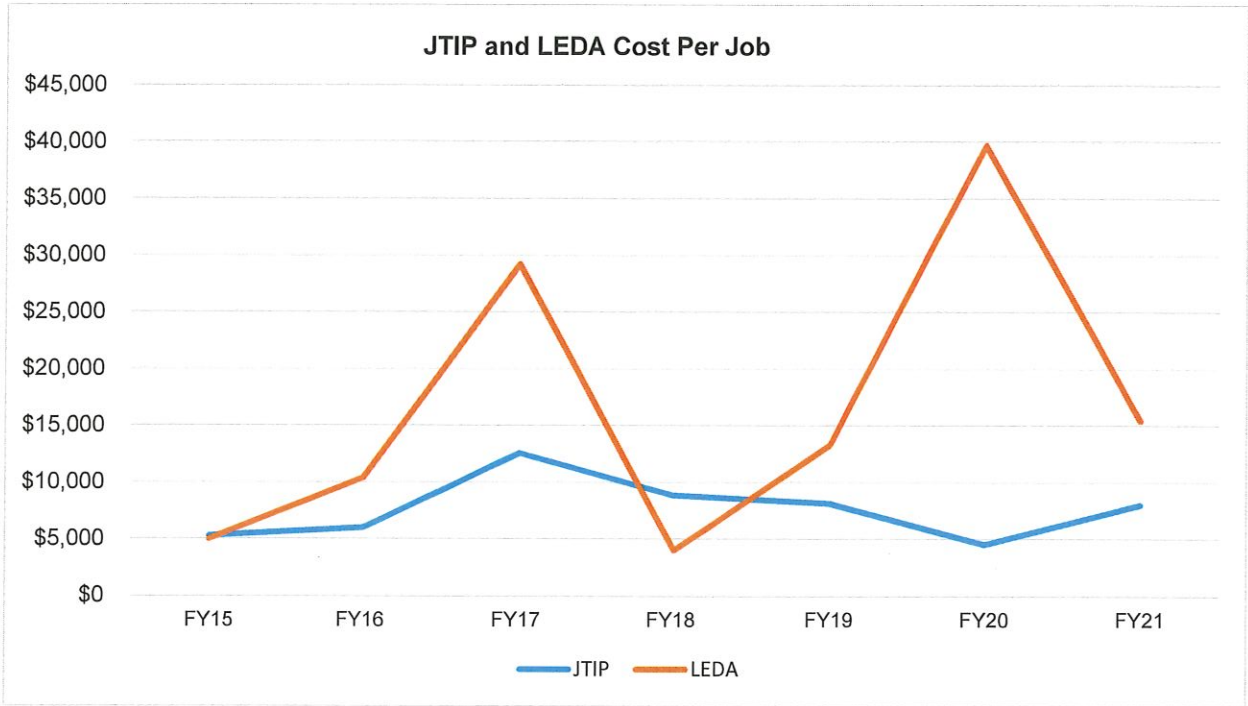
JTIP Companies Approved in FY21

Company	Approved Budget	Trainees	Avg. Wage	City	County
Kairos Power, LLC	\$355,254.28	14	44.98	Albuquerque	Bernalillo
Kairos Power, LLC	\$469,440.40	22	39.75	Albuquerque	Bernalillo
Kairos Power, LLC (Amendment)	\$26,080.00	3	22.75	Albuquerque	Bernalillo
Kairos Power, LLC (Amendment)	\$19,800.00	1	37.50	Albuquerque	Bernalillo
Kairos Power, LLC (Amendment) Intern	\$6,000.00	1	20.00	Albuquerque	Bernalillo
Kane Robotics, Inc.	\$59,344.00	2	51.00	Albuquerque	Bernalillo
Kane Robotics, Inc. (Intern)	\$5,920.00	1	18.50	Albuquerque	Bernalillo
KiloNewton, LLC	\$90,066.12	4	38.93	Albuquerque	Bernalillo
KiloNewton, LLC (Amendment)	\$27,089.92	1	47.36	Albuquerque	Bernalillo
KiloNewton, LLC (Intern)	\$5,600.00	1	17.50	Albuquerque	Bernalillo
Lancs Industries, Inc.	\$260,224.80	73	14.46	Albuquerque	Bernalillo
Lancs Industries, Inc. (Amendment)	\$31,040.00	5	16.00	Albuquerque	Bernalillo
LoadPath, LLC (Amendment)	\$121,370.00	4	52.50	Albuquerque	Bernalillo
LoadPath, LLC (Amendment)	\$ 209,744.00	7	52.07	Albuquerque	Bernalillo
LoadPath, LLC (Amendment)	\$ 60,346.00	2	52.75	Albuquerque	Bernalillo
LQ Digital, LLC	\$ 417,164.00	101	15.70	Albuquerque	Bernalillo
Marty's Meals, Inc. (Amendment)	\$ 17,160.00	1	30.00	Santa Fe	Santa Fe
Marty's Meals, Inc.	\$ 40,140.00	4	21.38	Santa Fe	Santa Fe
Mass Market NM	\$ 912,360.00	361	13.64	Las Cruces	Dona Ana
McKinley Paper Company, Inc.	\$ 256,147.68	10	32.38	Prewitt	Cibola
Mezel Mods	\$ 11,200.00	1	21.25	Rio Rancho	Sandoval
National Water Services, Inc.	\$ 35,640.00	4	19.63	Santa Fe	Santa Fe
Nature's Tool Box, Inc.	\$ 338,680.00	14	44.00	Santa Fe	Santa Fe
New Mexico Build, LLC	\$ 245,290.00	11	29.05	Truth or Consequences	Sierra
New Mexico Build, LLC	\$ 100,248.08	2	60.10	Truth or Consequences	Sierra
New Mexico Build, LLC	\$ 70,120.00	3	30.00	Truth or Consequences	Sierra
New Mexico Compounding and Infusion	\$ 53,918.00	4	27.69	Albuquerque	Bernalillo
New Mexico Fresh Foods, LLC	\$ 62,713.00	10	19.09	Rio Rancho	Sandoval
New Mexico Wineries, Inc.	\$ 11,027.68	1	16.07	Deming	Luna
New Mexico Wineries, Inc.	\$ 23,728.00	7	11.62	Deming	Luna
New Mexico Wineries, Inc. (Amendment)	\$ 10,230.00	1	15.50	Deming	Luna
NM Solar Group, LLC	\$ 140,494.00	10	24.68	Roswell	Chaves
OpenEye Scientific Software, Inc.	\$ 272,271.80	10	47.60	Santa Fe	Santa Fe
OpenEye Scientific Software, Inc.	\$ 298,940.00	11	47.27	Santa Fe	Santa Fe
Pajarito Powder, LLC	\$ 111,153.56	8	27.71	Albuquerque	Bernalillo
Paradise Power Company, Inc.	\$ 68,369.28	6	25.85	Albuquerque	Bernalillo
Paradise Power Company, Inc. (STEP UP)	\$ 14,680.00	12	15.00	Taos	Taos
Parting Stone, Inc.	\$ 136,360.00	19	18.24	Santa Fe	Santa Fe
Parting Stone, Inc.	\$ 60,030.00	8	18.81	Santa Fe	Santa Fe
Parting Stone, Inc. (Amendment)	\$ 31,383.96	5	19.79	Santa Fe	Santa Fe
Resilient Solutions 21, Inc.	\$ 288,741.24	11	45.65	Albuquerque	Bernalillo
Resilient Solutions 21, Inc. (Amendment)	\$ 39,874.12	1	69.71	Albuquerque	Bernalillo
Resilient Solutions 21, Inc. (Amendment)	\$ 120,314.48	4	52.58	Albuquerque	Bernalillo
Reytek Equipment, LLC	\$ 24,920.00	5	16.50	Albuquerque	Bernalillo
Rural Sourcing, Inc.	\$ 361,919.80	19	34.80	Albuquerque	Bernalillo
Rural Sourcing, Inc. Interns	\$ 24,000.00	5	15.00	Albuquerque	Bernalillo
Santa Fe Aero Services, LLC	\$ 35,920.60	3	24.25	Santa Fe	Santa Fe
Santa Fe Aero Services, LLC (Amendment)	\$ 11,760.00	1	24.50	Santa Fe	Santa Fe
Saputo Cheese USA, Inc.	\$ 668,735.60	150	16.81	Las Cruces	Dona Ana
SavantX, Inc.	\$ 104,654.00	4	50.55	Santa Fe	Santa Fe
Sceye, Inc.	\$ 287,618.56	9	45.97	Moriarty	Torrance
Solar Works Energy, LLC	\$ 196,220.00	16	27.42	Albuquerque	Bernalillo
Solstar Space Company	\$ 101,922.00	2	88.00	Albuquerque	Bernalillo
Solstar Space Company (Amendment)	\$ 14,560.00	1	28.00	Santa Fe	Santa Fe
Sombra Cosmetics, Inc. (STEP-UP)	\$ 10,546.19	5	n/a	Albuquerque	Bernalillo
Sombra Cosmetics, Inc.	\$ 89,967.80	15	17.41	Albuquerque	Bernalillo

JTIP Companies Approved in FY21

Company	Approved Budget	Trainees	Avg. Wage	City	County
Sombra Cosmetics, Inc. (Amendment)	\$ 25,340.00	2	24.13	Albuquerque	Bernalillo
Specifica, Inc.	\$ 68,490.48	4	30.94	Los Alamos	Los Alamos
Specifica, Inc.	\$ 112,270.52	6	33.66	Los Alamos	Los Alamos
SpinLaunch, Inc.	\$ 66,312.00	2	39.25	Truth or Consequences	Sierra
SpinLaunch, Inc. (Amendment)	\$ 29,537.28	1	38.46	Truth or Consequences	Sierra
Stampede Meat, Inc.	\$ 2,192,501.84	377	12.31	Sunland Park	Dona Ana
Stampede Meat, Inc.	\$ 1,335,559.84	211	12.53	Sunland Park	Dona Ana
Supply One, Inc.	\$ 32,580.00	5	19.00	Albuquerque	Bernalillo
Supply One, Inc.	\$ 19,120.00	5	14.75	Albuquerque	Albuquerque
Systems Integration, Inc.	\$ 413,776.00	79	16.13	Albuquerque	Bernalillo
Systems Integration, Inc. (Amendment)	\$ 11,700.00	1	22.50	Albuquerque	Bernalillo
Tempur Production USA, LLC	\$ 1,135,683.60	141	20.97	Albuquerque	Bernalillo
The Boeing Company	\$ 1,113,112.40	34	57.08	Albuquerque	Bernalillo
The Boeing Company	\$ 480,353.44	16	53.11	Albuquerque	Bernalillo
The Boeing Company (Amendment)	\$ 124,905.56	5	44.83	Albuquerque	Bernalillo
The Boeing Company (Amendment)	\$ 83,640.04	4	62.56	Albuquerque	Bernalillo
The Boeing Company (Amendment)	\$ 59,396.48	2	51.92	Albuquerque	Bernalillo
The Verdes Foundation	\$ 37,720.00	7	16.39	Albuquerque	Bernalillo
The Verdes Foundation	\$ 61,730.32	5	24.68	Albuquerque	Bernalillo
The Verdes Foundation	\$ 53,350.00	3	35.50	Albuquerque	Bernalillo
Theta Plate, Inc.	\$ 7,792.50	1	19.00	Albuquerque	Bernalillo
TMone, LLC, dba: MassMarket	\$ 883,640.00	360	14.01	Las Cruces	Dona Ana
TORC Robotics, Inc.	\$ 1,130,389.12	60	37.32	Albuquerque	Albuquerque
TORC Robotics, Inc.	\$ 642,239.28	30	40.00	Albuquerque	Bernalillo
Twistle, Inc.	\$ 98,520.28	4	42.62	Albuquerque	Bernalillo
Twistle, Inc. (Amendment)	\$ 78,036.28	2	65.67	Albuquerque	Bernalillo
Twistle, Inc.	\$ 398,171.36	18	40.33	Albuquerque	Bernalillo
UbiQD, Inc.	\$ 96,596.96	5	35.51	Los Alamos	Los Alamos
UbiQD, Inc.	\$ 89,019.36	4	38.47	Los Alamos	Los Alamos
USA Beef Packing, LLC	\$ 134,098.56	19	14.96	Roswell	Chaves
Vitality Works, Inc.	\$ 205,761.68	30	19.11	Albuquerque	Bernalillo
Vitality Works, Inc.	\$ 150,812.88	14	24.23	Albuquerque	Bernalillo
Vitality Works, Inc. (Amendment)	\$ 39,268.00	13	14.20	Albuquerque	Bernalillo
WaveFront Dynamics, Inc.	\$ 113,570.00	6	35.50	Albuquerque	Bernalillo
Worthington Farms, LLC	\$ 11,850.40	1	15.07	Mesilla Park	Dona Ana
X Bow Launch Systems, Inc.	\$ 220,183.00	9	42.43	Albuquerque	Bernalillo
X Bow Launch Systems, Inc. (Interns)	\$ 21,600.00	3	22.50	Albuquerque	Bernalillo
X2NSat, Inc.	\$ 121,290.00	11	23.18	Las Cruces	Dona Ana
X2NSat, Inc. (Interns)	\$ 39,360.00	7	17.57	Las Cruces	Dona Ana
JTIP Totals	\$25,212,619.37	3,222	19.22		
JTIP Film Trainees	\$1,616,098.05	134			
Total JTIP Trainees	\$26,828,717.42	3,356			

Rural
Source: EDD



Cost Per Job		
	JTIP	LEDA
FY15	\$5,300	\$5,000
FY16	\$6,000	\$10,400
FY17	\$12,563	\$29,200
FY18	\$8,839	\$4,025
FY19	\$8,144	\$13,272
FY20	\$4,541	\$39,688
FY21	\$7,994	\$15,408
Source: EDD		



State Approaches to Economic Development

Economic development incentives are direct financial benefits intended to influence a firm’s decision to open, expand, or retain jobs within a state. Governments target firms with incentives to spur job growth, raise incomes, spur a positive multiplier throughout the local economy, and to grow the tax base in the long run. Although many development strategies have been attempted, some of the most common strategies used to promote economic development include tax breaks, education and workforce training programs, and infrastructure-related incentives.

The academic conversation around these types of incentives maintains a skeptical tone, using the “but for” percentage to assess what firms would not have expanded or retained employees “but for” incentive. While more rigorous evaluations are needed, typical incentives “tip” between 2 and 25 percent of firms in favor of the incentivized locationⁱ.

Tax Incentives

Tax incentives are the primary tool used by states to promote economic development. In FY21, an estimated \$159.7 million or 10 percent of New Mexico’s tax expenditures went towards economic development. Whether these incentives have proven effective is ambiguous. A study conducted by Pew in 2017 notes New Mexico trails other states in its evaluation of tax incentives, making it difficult to assess their impactⁱⁱ.

Job Creation Tax Credits (JCTCs)

Job creation tax credits (JCTCs) provide benefits for jobs or payroll created by a firm. According to the Upjohn Institute, JCTCs represent 45 percent of the total value of incentives by statesⁱⁱⁱ. The literature on the effect of JCTCs on job growth is mixed. For example, when looking at the causal linkages between JCTCs and job creation in Georgia, research from Georgia State University found little evidence that JCTCs had any effect on employment^{iv}.

New Mexico’s version of JCTC is called the High Wage Tax Credit (HWTC). The HWTC refunds a corporate income tax credit equal to 8.5 percent of wages and benefits paid for each job created and retained for 44 weeks, given that the annual salary is at least \$40 thousand. Businesses can take the credit for four years. The five-year average cost of the HWTC is \$5.7 million.

Property Tax Abatement

Governments may abate, or reduce, up to all of a firm’s property tax in order to reduce the firm’s overall tax liability within the incentivized area^v. Since abatements are usually set as a percentage of property taxes, the abatements rise when property taxes rise. Researchers from the Lincoln Institute of Land

THIS REPORT reviews the literature on impacts and effectiveness of direct economic development incentives used by states to create jobs and raise incomes.

This brief also puts these incentives into the New Mexico context, highlighting some of the state’s approaches to economic development.

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One Time Economic Development Funding at a Glance (dollars in thousands)		
Purpose	2021 2 nd Special Session	2022 Regular Session
Outdoor Equity Fund	3,000	
Trails + Grants	7,000	
Film Academy		40,000
Local Economic Development Act		50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	435	3,500
Local grant management		1,500
Opportunity Enterprise Fund		70,000
Job Training Incentive Program		6,000
Subtotal	10,000	201,000
Grand Total		216,435

Source: LFC Files

Policy conclude, “... the evidence on abatement effectiveness is mixed and leans toward the tentative conclusion that if abatements are effective, they are only partially, temporarily, or conditionally effective at best”^{vi}. In another study, the Lincoln Institute concludes property tax abatement packages can induce the relocation of firms within an area, but it is likely temporary^{vii}.

Through multiple state laws, New Mexico’s Property Tax Exemption Program allows counties, municipalities, and school boards to enact property tax abatements. For instance, New Mexico’s Industrial Revenue Bond (IRB) provides up to 100 percent exemption of project property from taxes for the life of the related bond indebtedness. The Community Development Incentive Act is another example, where counties and municipalities are allowed to exempt up to 100 percent of the commercial personal property of a new business facility for a maximum of 20 years.

Investment Tax Credits (ITCs)

Investment tax credits (ITCs) incentivize investments by allowing businesses to deduct a percentage of investment costs from their taxes^{viii}. A study conducted by California’s Legislative Analyst Office found that, similar to other studies conducted^{ix}, investment tax credits can lead to higher input prices and wages in the short term^x. Research and development (R&D) tax credits are a version of ITCs that incentivizes firms’ investment in R&D.

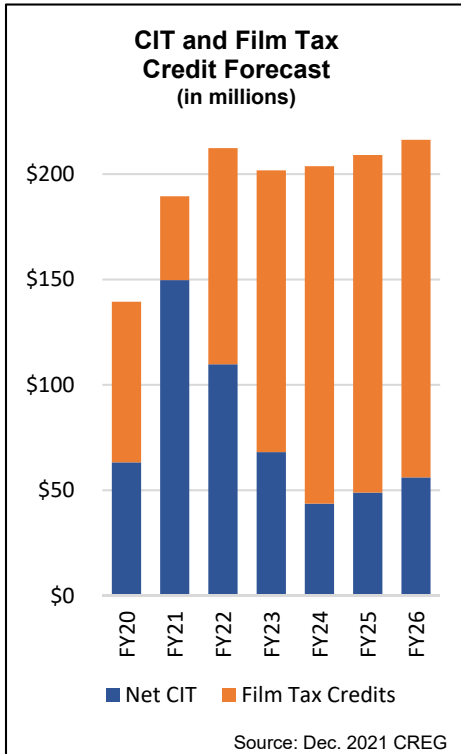
Projected expenditures for New Mexico’s Investment Tax Credit against the GRT for 2022 is \$3.5 million. Another investment tax credit is the film tax credit allowing for a refundable credit in an amount equal to 25 to 35 percent of qualified spending made in New Mexico. The film tax credit is projected to erode over 50 percent of the state’s corporate income tax revenue by FY23.

Tax Increment Financing (TIF)

Tax increment financing typically involves firms paying normal tax rates with funds diverted to benefit the development of a geographically defined TIF area where the firms are located^{xi}. Literature yields mixed results on the effectiveness of TIF, further complicated by the variation in TIF structure across states^{xii}. TIF is utilized in 49 states and Washington DC. New Mexico typically calls TIF projects tax increment development districts (TIDDs). Primary concerns with TIDDs point to large diversions of state GRT and public assumption of private sector risk.

Education & Workforce Incentives

Education and workforce incentives aim to grow the economy through training local communities to meet the needs of businesses. The primary mechanism used throughout the United States are job training programs, aimed to assist disadvantaged groups in obtaining a job. The Urban Institute finds that the most successful job training programs for young adults can be as socially efficient as the earned income tax credit^{xiii}.



Customized Job Training Programs

Usually operated by local community colleges, customized job training programs seek to meet the needs of a new or expanding industry. Community colleges work with firms to design the training program and screen job applicants. Though the literature discussing the effects of customized job training programs is sparse, there is some consensus that they have a positive impact on job creation.

Job Training Incentive Program (JTIP)

In New Mexico, companies receive direct cash reimbursements after providing 360 to 1,040 hours of training through the job training incentive program (JTIP). JTIP funds classrooms and on-the-job training for newly created jobs in expanding or relocating manufacturing, non-retail service businesses that export 50 percent or more of their services, or certain green industries. JTIP can reimburse 50 to 75 percent of full-time employee wages during training.

Infrastructure Incentives

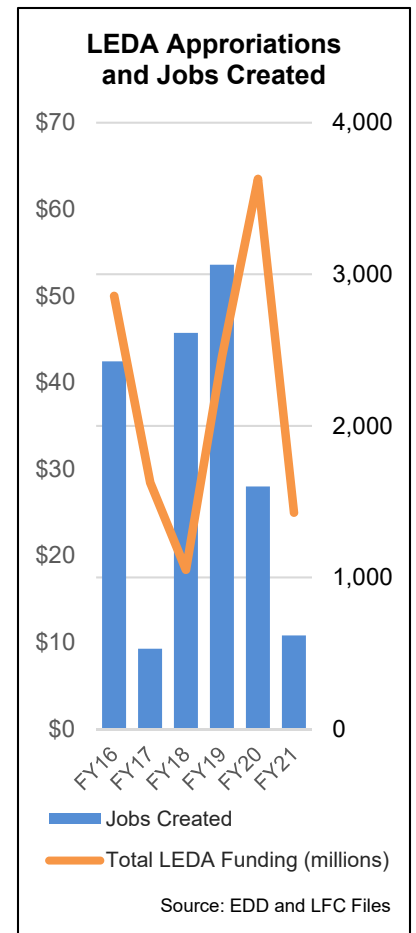
Some states focus on promoting economic development by encouraging private companies to redevelop local infrastructure. States may do so to encourage the development of private property or to leverage additional private investments.

Urban Redevelopment Initiatives

Aimed at reorganizing city structures by improving urban environment features in declining neighborhoods, urban redevelopment initiatives aim to prepare parts of the city to fulfill a desired economic function. A 2013 study from the National Bureau of Economic Research found that urban renewal dollars had a positive effect on average income and property values, but no effect on employment or poverty rates^{xiv}. The World Bank attributes the rise of income in these areas to the displacement of low income residents and an influx of wealthier residents and not to the creation of wealth^{xv}. Much of the literature regarding statewide urban redevelopment initiatives is sparse in New Mexico due to the dearth of urban centers.

Local Economic Development Act (LEDA)

New Mexico pays a direct cash reimbursement of up to \$100 thousand to offset expenditures tied to land, building, and infrastructure for small businesses through the local economic development act (LEDA). The level of capital investment, as well as the quality and quantity of jobs created, influence the amount of LEDA awarded. The Economic Development Department (EDD) finds that of the companies receiving LEDA funds, 3058 jobs have been created, with average salaries ranging from \$26 thousand to \$173 thousand; however, the percentage of those jobs created attributable to LEDA is ambiguous.



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