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## FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 1/25/05 HB \_\_\_\_\_

SHORT TITLE Development Training Fund Selection Criteria SB 7

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 8  
Conflicts with HB 98

### SOURCES OF INFORMATION

Responses Received From  
Department of Labor (DOL)  
Economic Development Department (EDD)  
Office of Workforce Training and Development (OWTD)  
Division of Vocational Rehabilitation (DVR)

### SUMMARY

#### Synopsis of Bill

Senate Bill 7 amends 21-19-7 NMSA 1978 as follows:

:

- Transfers administration of the Development Training Funds from the Economic Development Department to the Labor Department.
- Prescribes selection criteria for the award of these funds to be used by the industrial training board.
- Adds film and multi-media production companies as eligible recipients but does not require that filming take place in New Mexico.
- Removes the requirement that the project will employ more than fifteen hundred employees.

- Removes the requirement that no less than fifty percent of the project's workforce shall be residents of New Mexico.
- Adds requirement restricting part-time jobs to no more than ten percent of the project.

The Economic Development Department has administered the Industrial Training Program which is also known as the Job Training Incentive Program since 1997 when full fiscal responsibility was transferred from the State Department of Education.

### Significant Issues

The Economic Development Department, whose responsibility is to create jobs by growing existing businesses and/or recruiting new businesses to New Mexico, uses the Industrial Development Training Program as its primary recruitment/incentive tool. EDD indicates that the program is often the deal breaker when a company is considering a relocation decision over other competing states. The Economic Development Department is the initial and often the sole contact for corporate decision makers.

OWTD notes that the bill allows training dollars to be spent on non-residents of New Mexico and permits New Mexico film and multi-media companies to produce films in other states with New Mexico taxpayer money. OWTD is also concerned that the program does not have a coordination requirement with the State Workforce Investment Board and Local Workforce Development Boards'.

### **PERFORMANCE IMPLICATIONS**

The bill establishes rigorous wage/benefits and retention/promotion requirement that companies must meet to be eligible as a recipient of funds. In addition the bill requires companies to target hard-to-employ persons.

### **FISCAL IMPLICATIONS**

No appropriation is contained in the bill. The bill does not provide for administrative funding or for the transfer of already existing FTE's from Economic Development to Department of Labor. There is an un-obligated balance in the fund of \$12.8 million.

### **ADMINISTRATIVE IMPLICATIONS**

DOL indicates that it will require the addition of three (3) FTE to administer this program.

### **TECHNICAL ISSUES**

DVR suggests including persons with disabilities in the criteria of targeted hard-to-employ persons and including a representative who is knowledgeable about the state's vocational rehabilitation programs on the Industrial Training Board.

**CONFLICT, RELATIONSHIP**

Conflicts with HB 98, Page 19, Section 10- name of the agency is Office of Workforce Training and Development. HB 98 deletes all reference in existing law to the job training division.

Relates to HB8 which appropriates twenty million dollars from the general fund for this program.

**ALTERNATIVES**

In order to be consistent with HB 98, the bill could be amended to transfer the Development and Training fund to the OWTD.

**POSSIBLE QUESTIONS**

Will the industrial development board have a duty of consultation with the State Workforce Development Board and Local Workforce Development Boards when projects are considered for funding under this program?

Should film and multi-media production companies be required to produce films in New Mexico as condition of eligibility for funding under this program?

**BD/lg:yr**