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HOUSE BILL 480

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; ENACTING THE ECONOMIC
DEVELOPMENT FISCAL ACCOUNTABILITY ACT; PROVIDING FOR REPORTING
AND ANALYSIS OF STATE AND LOCAL ECONOMIC DEVELOPMENT
INCENTIVES AND TAX EXPENDITURES; REQUIRING A BIENNIAL REPORT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the
"Economic Development Fiscal Accountability Act".

Section 2. FINDINGS AND INTENT.--

A. The legislature finds that, although the state
and its local governments have granted numerous economic
development incentives, wage levels and health care coverage of
working families in New Mexico remain lower than national
averages. The legislature further finds that when workers
receive low wages and poor benefits, such jobs often impose

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1 hidden taxpayer costs upon its residents, in the form of
2 medicaid, food stamps, low-income tax rebates and other forms
3 of public assistance to the working poor and their families.

4 B. The legislature further finds that it is
5 difficult to determine whether New Mexico's extensive economic
6 development efforts have been successful, because of the lack
7 of readily accessible information regarding expenditures and
8 outcomes.

9 C. Therefore, it is the intent of the legislature
10 to improve the effectiveness of economic development and to
11 achieve the goal of raising living standards for working
12 families by collecting, analyzing and making public information
13 regarding all state and local economic development expenditures
14 and incentives. With this information, the legislature will be
15 able to assess the effectiveness and the outcomes of economic
16 development expenditures and incentives and to use that
17 information to assure a healthier economy for businesses and
18 working families in New Mexico.

19 Section 3. DEFINITIONS.--As used in the Economic
20 Development Fiscal Accountability Act:

21 A. "department" means the economic development
22 department;

23 B. "economic development" means activities or
24 efforts directed toward attracting new businesses and
25 industries into the state, expanding existing businesses and

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1 industries, increasing the number of jobs or attracting certain
2 types of employment or enhancing the state's ability to compete
3 with other states in attracting and retaining businesses and
4 industries in the state;

5 C. "economic development incentive" means any of
6 the following provided or intended for economic development:

7 (1) an expenditure of or authority to expend
8 public funds with a value of at least five thousand dollars
9 (\$5,000) for the benefit of one or more recipients, including
10 state or local bonds, grants, loans, loan guarantees,
11 participation interests in loans, guaranteed debt investment in
12 projects, tax increment financing and other enterprise zone
13 property and infrastructure benefits and direct or indirect
14 assistance for economic development projects pursuant to the
15 Local Economic Development Act; or

16 (2) a tax expenditure;

17 D. "recipient" means an individual, corporation,
18 business entity or other person or an industrial or commercial
19 facility, project or enterprise that is eligible to receive or
20 has received money or other consideration, benefit or any thing
21 of value from an economic development incentive; and

22 E. "tax expenditure" means a tax deduction,
23 exemption, rebate, credit or exclusion or preferential tax rate
24 or other special tax treatment that:

25 (1) decreases public revenues;

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1 (2) applies to a narrow class of taxpaying
2 entities that would otherwise be subject to a general tax
3 provision and for which the special tax provision is a clear
4 exception; and

5 (3) is intended to stimulate economic
6 development in the state or any of its local communities.

7 Section 4. BIENNIAL UNIFIED ECONOMIC DEVELOPMENT
8 EXPENDITURE REPORT.--

9 A. The department shall submit a biennial unified
10 economic development expenditure report on or before October 1,
11 2010 and on or before October 1 every two years thereafter.
12 The report shall be presented to the governor, the legislative
13 finance committee, the interim revenue stabilization and tax
14 policy committee and any other appropriate legislative
15 committee charged with study of economic development matters.

16 B. The biennial unified economic development
17 expenditure report shall present information for the two-year
18 period on every state and local government economic development
19 incentive, the recipients of the incentive and the intended
20 objectives and outcomes of the incentive. The report may also
21 include recommendations for legislation changing, adding or
22 repealing economic development incentives.

23 C. The department, working with the taxation and
24 revenue department, the department of finance and
25 administration, the state investment officer and

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1 representatives of municipalities and counties, shall compile a
2 list and description of every economic development incentive
3 available in New Mexico and each incentive's intended
4 objectives. This list may be compiled and made available as a
5 publication separate from the biennial report.

6 D. The report shall include the following
7 information for each economic development incentive for the two
8 calendar years immediately prior to the date of the report:

9 (1) the total amount of expenditures or public
10 revenues foregone or the current value or other approximate
11 value of each economic development incentive received by
12 recipients in each calendar year;

13 (2) the aggregate number of recipients
14 benefiting from each economic development incentive, and, where
15 practicable and permitted by law, the names and amounts or
16 values of the incentive to each recipient;

17 (3) the location of recipients and incentive
18 amounts and values aggregated by municipality and county;

19 (4) the number of new jobs created or new
20 employees hired by each recipient as a result of the economic
21 development incentive, and for each new job or employee, the
22 employee's wage or salary, gender and state of residence
23 immediately prior to employment; and

24 (5) information on health care coverage or
25 health insurance provided by each recipient to its employees.

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