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FISCAL IMPACT REPORT

ORIGINAL DATE 3/7/17

SPONSOR Small LAST UPDATED _____ HM 91

SHORT TITLE State Office of Outdoor Recreation SB _____

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Memorial

House Memorial 91 requests the Economic Development Department (EDD) and the Tourism Department (NMTD) investigate the costs and benefits of targeting the outdoor recreation products and service industries relocation to New Mexico, and the possible benefit of opening an office devoted to recruiting the industry.

Nationwide and in New Mexico, spending by consumers on these products continues to grow and, according to the Memorial, has now reached \$646 billion in annual sales.

FISCAL IMPLICATIONS

The majority of the cost associated with this bill would be in establishing an office devoted solely to recruiting this industry once the study is complete.

The Economic Development Department states that \$50,000 of the current operating budget would be used to perform this study, which would require staff time from both EDD and the NMTD.

However, LFC staff recognizes that HM91 would require staff time, but does not believe it will take additional FTE or operating funds to perform the study. Current FTE will have to prioritize time that may be used for other department initiatives to perform the study that is required.

SIGNIFICANT ISSUES

The Economic Development Department provided the following significant issues:

EDD and the New Mexico Partnership (NMP) have identified target industry sectors to focus significant marketing resources. Outdoor recreation products are already among these industries. Others include logistics, food processing, aerospace/aviation, advanced manufacturing, back office operations and energy. These were identified based on the state's specific assets which make New Mexico a good destination for these types of businesses. The state has enjoyed significant successes in each area. In addition to these sectors, the Partnership annually evaluates its marketing program with regard to targeted sectors. Several years ago the outdoor recreation sector was added at the request of several communities that have identified this sector as having potential. The Partnership has attended trade shows specific to this industry for the past several years.

New Mexico has had substantial successes in target industry sectors such as aviation (Dean Baldwin, CSI Aviation, Neptune Aviation, Stewart Industries, AeroJet, Aircraft Technical Support, AerSale, Bendix King), back office operations (Safelite, PreCheck, Medicus Billing & Consulting, Fidelity Employer Services, Lowes), and advanced manufacturing (Skorpis Technologies, MCS, Keter Plastics, Kinesio, STAR Cryoelectronics). Therefore, it may not be the most efficient use of resources to open an office devoted to a single target sector, which could cause fragmentation in messaging and recruitment efforts in addition to foregone efficiencies and synergies.

Since the NMP is already actively courting this industry, it may make more sense to add to their resources so NMP can increase efforts to target this sector more aggressively.

The NMEDD and the NMP interface and collaborate with the NM Tourism Department and other State Agencies to identify economic development opportunities.

ADMINISTRATIVE IMPLICATIONS

To establish and staff a new office devoted to recruiting the industry would require a substantial budget, which may, in a sense, be competing for resources with NMP.

ALTERNATIVES

An alternative would be to increase the funding to the New Mexico Partnership and earmark it for this purpose.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The New Mexico Partnership will continue to target this sector in their marketing efforts.