

LFC Requester:	
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2.5.26 *Check all that apply:*  
**Bill Number:** HB 321 Original  Correction   
 Amendment  Substitute

<b>Sponsor:</b> <u>Meredith A. Dixon</u>	<b>Agency Name and Code Number:</b> <u>Economic Development Department 41900</u>
<b>Short Title:</b> <u>Local Economic Development Act – Medical Services</u>	<b>Person Writing:</b> <u>Jennifer Myers</u>
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 321 (HB321) amends the Local Economic Development Act (LEDA) to expand the definition of “qualifying entity” eligible for economic development support to include businesses providing medical services performed by licensed health care professionals. The Bill broadens the types of businesses eligible for public support and maintains existing LEDA provisions related to grants, loans, and infrastructure assistance.

This Bill does not contain an effective date and, as a result, would take effect 90 days after the Legislature adjourns if enacted, which would make the effective date June 20, 2026.

### **FISCAL IMPLICATIONS**

Despite significantly expanding the scope of entities eligible for assistance, the Legislature’s current recommended budget proposal provides no additional funding for LEDA projects. This disconnect raises concerns that existing funds will be spread too thin, undermining the program’s effectiveness and forcing difficult tradeoffs among competing projects.

### **SIGNIFICANT ISSUES**

LEDA was created to support economic-base development projects that expand the State’s economy by attracting new dollars from outside New Mexico. The program is grounded in the long-standing economic development principle that sustainable growth comes from industries that export goods or services beyond state borders, thereby introducing new capital rather than merely recirculating existing local spending.

Medical and health care services have not traditionally or historically been classified as economic-base industries. These services primarily serve in-state populations and rely on public and private reimbursement systems already embedded within the local economy. Unlike export-oriented industries, medical service providers generally do not generate significant out-of-state sales or drive new external investment.

LEDA’s focus on economic-base industries has produced downstream benefits, including increased capital investment, new high-wage jobs, and a broader tax base. These gains, in turn, support growth in non-economic-base sectors such as retail, hospitality, and health care.

Expanding LEDA eligibility to include medical services represents a fundamental policy shift that risks diluting the program’s core purpose. By redirecting limited resources away from export-driven industries, the proposed change may weaken LEDA’s ability to achieve its intended economic development goals.

### **PERFORMANCE IMPLICATIONS**

### **ADMINISTRATIVE IMPLICATIONS**

HB 321 will increase administrative demands on the Economic Development Department by requiring staff to review, approve, and monitor a broader, more complex range of projects. This

expanded workload will likely necessitate additional personnel resources for contract management, compliance monitoring, and performance reporting.

At the same time, the Bill creates financial uncertainty. As more entities become eligible for LEDA assistance, existing funds may be depleted more rapidly. Without additional appropriations, the program could face pressure for frequent replenishment, potentially increasing future costs for state and local governments.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If HB 321 is not enacted, medical service providers will remain ineligible for LEDA funding, and the program will continue to prioritize industries that generate export-driven growth. This preserves LEDA's original purpose and ensures that limited resources remain focused on activities most likely to expand the state's economic base.

## **AMENDMENTS**