

Name of Initiative:

# Additional Funding for Expanded Economic Development Marketing of New Mexico

Additional funding of the **New Mexico Economic Development Corporation (New Mexico Partnership)** in order to increase marketing and business development of the state to attract and expand additional employers.



# About New Mexico Partnership

- Mission : State of New Mexico's designated business development and marketing organization for relocating and expanding employers.
- Created in 2003 through legislation (HB 494) at behest of economic developers and business community to assist in the location/expansion of new industries to NM
- Helped recruit 79 businesses generating 14,888 jobs
- Public-private sector approach engages business community and provides flexibility in marketing
- 15 member board appointed by Governor including Economic Development Cabinet Secretary and 1 business representative and 1 economic development professional from each regional planning division. Non-partisan with balanced Board party affiliation.



# Appropriation Request:

\$500,000 (\$1,000,000 year 2 )

## 1. What does this bill/appropriation do?

- Plus-up the state's economic development marketing agency to more fully capitalize upon the New Mexico's competitive advantages including the recent significant improvements to New Mexico's tax treatment of manufacturers and other economic base
- A two year phased increase



## 2. How is it implemented or administered?

The New Mexico Economic Development Corporation (New Mexico Partnership) receives legislative funding through the New Mexico Economic Development Department.

It is implemented as part of the NM Partnership's multi-faceted marketing program which has been developed and carried out in a cooperative effort with community and regional economic development organizations throughout the state.



## 2. How is it implemented or administrated?

### How is invested? Objectives

- a) Communicate New Mexico's competitive advantages including the recent, significant. Improvements to the tax climate for manufacturers and other economic base employers including the phase-in the single weighted sales factor.
- a) Expand "awareness-building" marketing in order to improve consideration of New Mexico for economic base projects
- b) Increase "face-to-face" business development sales opportunities and other types of marketing contact with corporate executives and site selectors
- c) Generate a more diverse range of opportunities appropriate to communities throughout New Mexico
- d) Improve the conversion rates of prospects into successfully completed projects through better, more in-depth proposals and more personalized attention
- e) Substantially elevate New Mexico's share of the Mountain States market for economic development projects



## 2. How is it implemented or administrated?

**How is it invested? Total amount \$500k (\$1 million – year 2)**

- Expanded Advertising - to communicate product improvements, etc. 200k(410k)
- Direct mail to corporate executives and site selection consultants 80k(160k)
- Expanded sales missions - with community economic developers 35k (70k)
- Expanded trade show - presence with community economic developers 45k(70k)
- Lead generation contracts in targeted sectors 50k(100k)
- Social media - expanded content and reach 40k(80k)
- Expansion of maquila supplier marketing 25k(50k)
- Client Specific research 25k(60k)



### 3. What specific economic sectors or regions of the state benefit?

Communities and regions throughout the New Mexico will benefit. Business relocation prospects are worked through the Prospect Recruitment Opportunity(PRO) process in conjunction with the community and regional economic development groups and many participate in New Mexico Partnership marketing functions such as sales missions and trade shows.

Eight targeted sectors have been identified by the New Mexico Economic Development Department, communities and the New Mexico Partnership. They include:

- Aerospace & Defense
- Logistics, Distribution & Transportation
- Emerging Technology
- Value-Added Agriculture
- Advanced Manufacturing
- Energy & Natural Resources
- Digital Media
- Back Office & Technical Support



## 4. Why is it essential?

- We are substantially under-funded as a state for economic development marketing
- This is an excellent time to expand marketing given the significant improvements to the state's tax treatment of businesses and the growing market for business relocations and expansions.
- Cost per job for FY13-14 is \$625. According to FY13-14 cost per job, New Mexico Partnership will generate 1,600 jobs per million dollars.



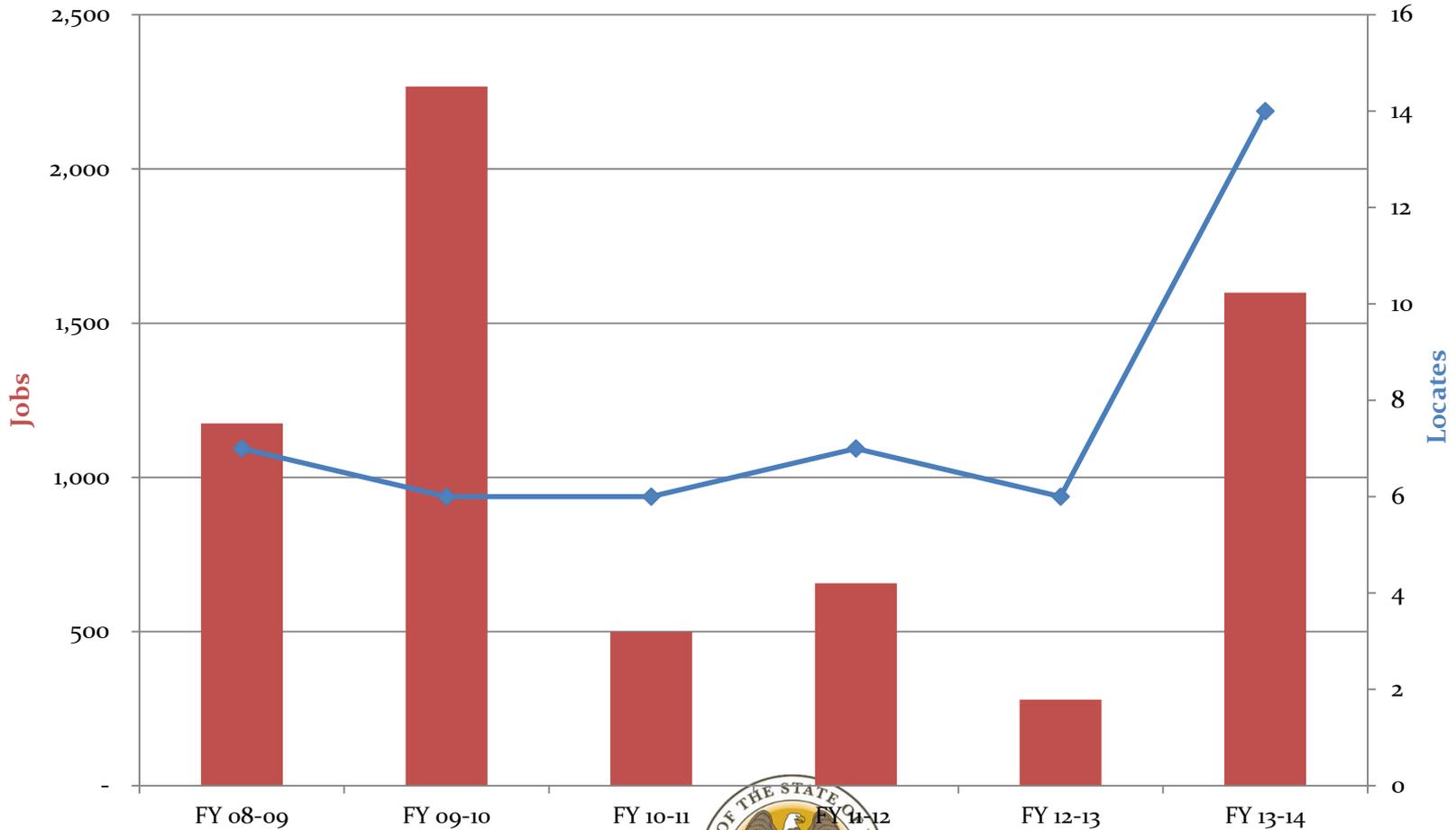
## 4. Why is it essential? Business Climate Improvements

- ❑ Reduced Corporate Tax Rates from 7.6% to 5.9%
- ❑ Provided Single Sales Factor for Manufacturers
- ❑ Significant increased Closing Fund
- ❑ Reduced its effective tax rate in average for all industries 55.6%
- ❑ NM's after-credit manufacturing rate is now at 3.3%
- ❑ Narrowed and expanded the GRT “consumables” deduction



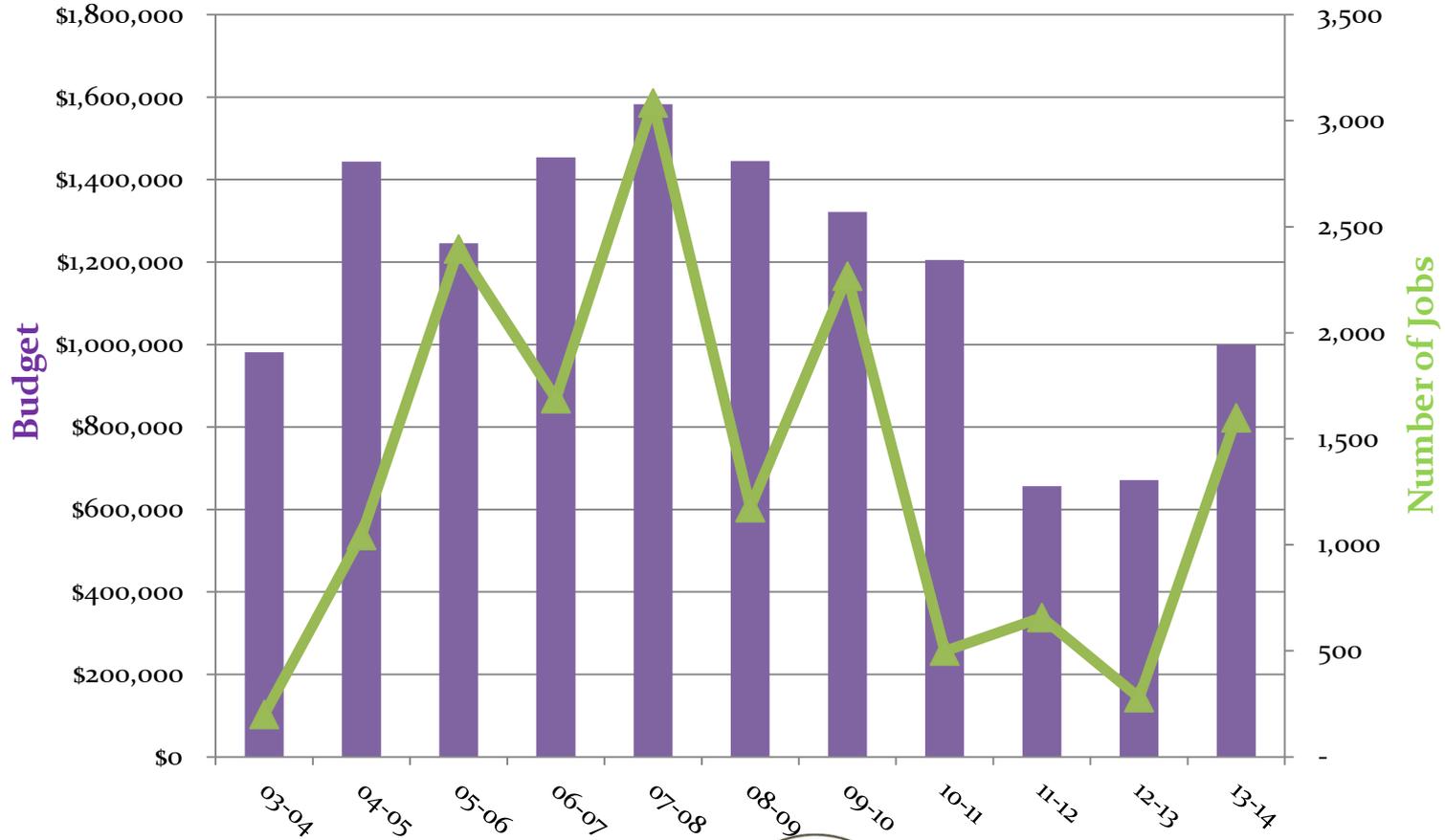
# 4. Why is it essential?

## Jobs & Locates



# 4. Why is it essential?

## Budget & Jobs



## 5. How is it measured?

- Performance metrics
  - a. Leads generated: target plan 400 annually
  - b. Prospects Qualified (PRO's) : target plan 60 annually
  - c. Prospect Site Visits: target plan 24 annually
  - d. Locates : target plan 8 annually
  - e. Jobs created : target plan 1,700 (510) annually



## 6. Who are the sponsors?

Legislative, communities, and local businesses

