

**Performance Report Card
Economic Development Department
Second Quarter, Fiscal Year 2014**

Performance Overview: The Economic Development Department (EDD) announced 826 new jobs in the second quarter of FY14 -- a significant increase from the first quarter, and leaving the department at 46 percent of the annual target midway through the fiscal year. The state economy grew just 0.4 percent from December 2012 to December 2013, lagging behind every state in the region and trailing the national job growth rate of 1.6 percent, demonstrating the need for increased job creation performance. To address this need, the Legislature appropriated \$15 million in the 2014 session for EDD to use as a “closing fund” under the Local Economic Development Act to win business projects and create jobs.

New Mexico now has the lowest effective tax rate for manufacturers in a nine-state western region, according to an updated tax competitiveness study by the New Mexico Tax Research Institute and Ernst & Young. Before applying tax credits, the state’s average effective tax rate for manufacturers dropped from 17.9 percent in a 2011 study to 9.5 percent in the updated study. After credits are applied the rate dropped from 8.1 percent to 3.3 percent -- well below the average of 6.3 percent for the remaining eight states.

The financial services sector added 3,100 jobs from December 2012 to December 2013, growing by 9.1 percent. Without this sector’s gains, New Mexico would have experienced an overall job loss for the year. The mining and logging industry also grew significantly, by 5 percent, adding 1,200 jobs. Although the retail trade industry’s growth was significantly less at 2 percent, it added 1,900 jobs to the state economy. This was the industry’s greatest year-over-year increase since April 2008.

Economic Development Program		Budget: \$3,876.9	FTE: 23	FY12 Actual	FY13 Actual	FY14 Target	Q1	Q2	Q3	Rating
1	Total number of jobs created due to economic development department efforts *			2,684	3,093	2,500	318	826		Y
2	Number of rural jobs created *			1,542	1,440	1,250	178	281		Y
3	Number of jobs created through business relocations facilitated by the economic development partnership *			657	244	1,700	20	270		Y
4	Number of jobs created by the mainstreet program *			592	529	600	184	156		G
5	Percent of employees whose wages were subsidized by the job training incentive program still employed by the company after one year			72%	72%	60%	Annual			
6	Number of workers trained by the job training incentive program *			1,015	844	1,000	64	82		R
7	Average wage of jobs funded through the job training incentive program			new	\$18.46	\$20.00	\$22.24	\$23.04		G
8	Number of existing exporters assisted in entering new markets			new	new	10	4	3		G
9	Number of business advocacy cases opened/solved			new	75/58	100/45	22/17	25/14		G
10	Number of businesses provided technical assistance resulting in a funding package and job creation			new	new	5	0	2		G
Program Rating				Y	G					Y

Comments: The Legislature appropriated an additional \$300 thousand for the Economic Development Partnership for FY14. However, due to a required delay for posting notice of payment and a much longer, avoidable delay in posting the notice, the Partnership received no funding for the first quarter. In addition to state funding, the Partnership is attempting to raise \$200 thousand in cash and \$50 thousand of in-kind contributions from private sources.

Number of jobs created by the MainStreet Program is the one job performance measure on track to exceed the annual target, and an independent consultant completed a report concluding that for every state dollar invested in the MainStreet program since 1986, MainStreet districts saw private sector investment of \$21.89 in building rehabilitation and \$22.55 in new construction. Additionally, from 1986 to July 2013, MainStreet districts gained 3,200 net new businesses and nearly 11.3 thousand net new jobs. EDD announced seven communities selected to receive MainStreet assistance through the new “frontier communities” pilot program: Carrizozo, Columbus, Hurley, Madrid, Historic Route 66 in Moriarty, Santa Clara,

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The Job Training Incentive Program (JTIP) provided funding to train 82 workers, leaving the program at just 14.6 percent of the annual goal. Although the job numbers are low, the average wage increased from FY13 actuals and the FY14 target. EDD began airing radio public service announcements (PSAs) during the first two quarters to promote JTIP, and the department began airing JTIP television PSAs in the second quarter, which will run for six months.

Film Program		Budget: \$757.1	FTE: 8	FY12 Actual	FY13 Actual	FY14 Target	Q1	Q2	Q3	Rating
11	Number of media industry worker days *			143,046	216,461	150,000	70,508	21,549		G
12	Direct spending by film industry productions, in millions *			new	new	\$225	\$33	\$22		R
13	Number of films and media projects principally photographed in New Mexico			57	53	60	10	10		Y
Program Rating				G	G					Y

Comments: The Film Program is on track to exceed the annual target for media industry worker days, but the number of films and media projects in New Mexico remains low compared to previous years. However, EDD now counts only projects that use the film credit rather than all projects, contributing slightly to the lower numbers. The local industry maintains the lower numbers are primarily due to the \$50 million cap instituted for the film production tax credit, although legislation passed in 2013 providing an additional incentive for television productions is drawing interest. The Legislature addressed the cap issue during the 2013 session by allowing a rollover from one fiscal year to the next of any unused funds of up to \$50 million. These amounts will not count toward a subsequent year's annual limitation. The reported numbers for direct spending by film industry productions are far below the annual target; however, this measure is new, and the target might need to be adjusted as the department gathers this data.

* Denotes House Bill 2 measure