HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 780

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; CREATING AN ECONOMIC
DEVELOPMENT FISCAL ACCOUNTABILITY TASK FORCE TO ANALYZE AND
REPORT ON STATE AND LOCAL ECONOMIC DEVELOPMENT INCENTIVES, TAX
EXPENDITURES AND RESULTS; REQUIRING REPORTS.

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

Section 1.   FINDINGS AND INTENT.--

A.   The legislature finds that, although the state
and its local governments have granted numerous economic
development incentives to create jobs in New Mexico, 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 hidden taxpayer costs upon New
Mexico residents in the form of medicaid, food stamps, low-

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1   income tax rebates and other forms of public assistance to the

2   working poor and their families.

3   B.   The legislature further finds that it is

4   difficult to determine whether New Mexico's extensive economic

5   development efforts have been successful, because of the lack

6   of readily accessible information regarding public investments,

7   expenditures and outcomes.

8   C.   Therefore, it is the intent of the legislature

9   to improve the effectiveness of economic development and to

10   achieve the goal of raising living standards for working

11   families by analyzing and reporting all state and local

12   economic development expenditures and incentives. With this

13   information, the legislature will be able to assess the

14   effectiveness and the outcomes of economic development

15   expenditures and incentives and to use that information to

16   assure a healthier economy for businesses and working families

17   in New Mexico.

18   Section 2.   DEFINITIONS.--For the purpose of this act:

19   A.   "department" means the economic development

20   department;

21   B.   "economic development" means activities or

22   efforts directed toward attracting new businesses and

23   industries into the state, expanding existing businesses and

24   industries, increasing the number of jobs or attracting certain

25   types of employment or enhancing the state's ability to compete

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1 with other states in attracting and retaining businesses and

2 industries in the state;

3   C. "economic development incentive" means any of

4 the following provided or intended for economic development:

5   (1) an expenditure of or authority to expend

6 public funds with a value of at least five thousand dollars

7 ($5,000) for the benefit of one or more recipients, including

8 state or local bonds, grants, loans, loan guarantees,

9 participation interests in loans, guaranteed debt investment in

10 projects, tax increment financing and other enterprise zone

11 property and infrastructure benefits and direct or indirect

12 assistance for economic development projects pursuant to the

13 Local Economic Development Act; or

14   (2) a tax expenditure;

15   D. "recipient" means an individual, corporation,

16 business entity or other person or an industrial or commercial

17 facility, project or enterprise that is eligible to receive or

18 has received money or other consideration, benefit or any thing

19 of value from an economic development incentive;

20   E. "task force" means the economic development

21 fiscal accountability task force; and

22   F. "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 3. TASK FORCE CREATED--MEMBERSHIP.--The economic

8   development fiscal accountability task force is created

9   consisting of eleven members as follows: the secretary of

10   economic development, who shall be the chair; the secretary of

11   taxation and revenue; the secretary of finance and

12   administration; a representative of a statewide association of

13   municipalities; a representative of a statewide association of

14   counties; a representative of a statewide association for

15   industrial development; three representatives from New Mexico

16   communities that have issued industrial revenue bonds; and two

17   members of the public from communities other than those that

18   have issued industrial revenue bonds, all appointed by the

19   governor for three-year terms. The task force shall be

20   administratively attached to the department.

21   Section 4. BIENNIAL UNIFIED ECONOMIC DEVELOPMENT

22   EXPENDITURE REPORT.--

23   A. The task force shall submit an economic

24   development expenditure report on or before October 1, 2003,

25   2004 and 2005 to the governor, the legislative finance

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1   committee, the revenue stabilization and tax policy committee

2   and any other appropriate legislative committee charged with

3   study of economic development matters.

4   B.   The report shall present information on every

5   state and local government economic development incentive, the

6   recipients of the incentive and the intended objectives and

7   outcomes of the incentive.   The report may also include

8   recommendations for legislative changes to economic development

9   incentives.

10   C.   The department, working with the taxation and

11   revenue department, the department of finance and

12   administration, the state investment officer and

13   representatives of municipalities and counties, shall compile a

14   list and description of every economic development incentive

15   available in New Mexico and each incentive's intended

16   objectives.   This list shall be compiled and made available to

17   the task force and included in its annual report.

18   D.   The report shall include the following

19   information for each current economic development incentive:

20   (1)   the total amount of expenditures or public

21   revenues foregone or the current value or other approximate

22   value of each economic development incentive received by

23   recipients in each calendar year in which the incentive has

24   been in effect;

25   (2)   the aggregate number of recipients

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1 benefiting from each economic development incentive, and, where

2 practicable and permitted by law, the names and amounts or

3 values of the incentive to each recipient;

4   (3)   the location of recipients and incentive

5 amounts and values aggregated by municipality and county; and

6   (4)   the number of new jobs created or new

7 employees hired by each recipient as a result of the economic

8 development incentive, and for each new job or employee, the

9 employee's wage or salary, gender and state of residence

10 immediately prior to employment; and

11   (5)   information on health care coverage or

12 health insurance provided by each recipient to its employees.

13   E.   In compiling the report, the task force shall

14 present and organize the information on the various economic

15 development incentives and recipients in such a way as to

16 provide a coherent and complete picture of the state's economic

17 development incentive efforts and the results of those efforts.

18 It shall develop methods to analyze, evaluate, measure and

19 project the effectiveness of the economic development

20 incentives in meeting their stated objectives and intended

21 outcomes.

22   Section 5.   INFORMATION REPORTS--RECIPIENTS.--The task

23 force may request that recipients of economic development

24 incentives file annual reports providing the appropriate

25 information in order to better assess and evaluate state and

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1   local incentive polices. Except where specifically prohibited

2   by statute or court order, every recipient of an economic

3   development incentive shall cooperate with and provide

4   information and access to records as requested by the task

5   force or other state agency or local government administering

6   or providing an economic development incentive.

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