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FISCAL IMPACT REPORT

SPONSOR: B. Lujan DATE TYPED: 03/11/03 HB 919/aHAFC

SHORT TITLE: Film Production Company In-Plant Training SB _____

ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 8, HB 14, HB 24 and SB 419.

SOURCES OF INFORMATION

Responses Received From
 Economic Development Department
 Commission on Higher Education
 Department of Labor

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment expands the type of company that would be eligible for in-plant training to include “multimedia” companies (instead of simply “film” companies). It strikes references to an “expedited” process for film companies. The amendment exempts film and multimedia companies from the current statutory limitations on use of the in-plant program (i.e, that the employee be a full-time, permanent employee, that the training is limited to 1,400 hours, etc.).

The amendment requires the IDTP board to establish rules for the use of in-plant training by film and multimedia companies, with the following provisions:

1. Trainees will be pre-approved by EDD’s Film Division and must be New Mexico residents. Trainees must have attended a training course “sponsored in part by an accredited educational institution, the labor department or the Film Division” and must be certified as a trainee by the Film Division.

2. Film or multimedia production companies will request reimbursement of fifty percent of the salaries paid to qualified trainees after completion of the production in New Mexico.

The amendment also allows up to \$1,000.0 of the IDTP fund balances to be used in FY 04 for film and multimedia companies. It allows up to \$25.0 to be used for administrative costs.

Significant Issues

EDD believes that digital, television and cable productions will be allowed under the term “multimedia.” Other types of media, including websites, CD-ROMs and videogames are also considered by many to be multimedia, however. Does “multimedia” cover these types of companies?

Current statute limits in-plant training to no more than 1,400 hours per trainee. This amendment exempts film and multimedia companies from this provision.

Synopsis of Original Bill

House Bill 919 amends statute to expand the types of companies that are eligible for EDD’s Industrial Development Training Program to include film production companies. The bill requires the Industrial Training Board to promulgate rules to allow the program to be used by film production companies and to provide an expedited approval process.

Significant Issues

EDD’s Industrial Development Training Program (IDTP), more commonly known as in-plant training, is a key incentive offered to new and expanding businesses in New Mexico. Current statute provides that the program should provide “quick-response classroom and in-plant training” to “new or expanding industries and non-retail service sector businesses in New Mexico that have business or production procedures that require skills unique to those industries.” Current statute also requires that trainees be guaranteed full-time employment upon successful completion of their training.

The bill will require a new approach to management of the IDTP program and use of IDTP funds. By their nature, according to EDD, film production jobs are not permanent, full-time jobs. Film production companies hire employees as needed for a particular project. The IDTP manual, however, says that “trainees must be full-time, year-round employees to participate in the program and must be guaranteed full-time employment” with the company.” This is consistent with statute. Including film jobs under the IDTP program will require a change to this approach and possibly an amendment to current statute.

As currently managed, the program reimburses eligible employers for the training costs of new employees. It appears as if this method will have to change if IDTP funds will now be used for prospective employees of film production companies.

This bill could alter the nature of the IDTP program from a business incentive tied to specific, newly-created jobs to a vocational training program for future potential film employees. CHE notes that the IDTP board recently discussing whether funding for the film industry might be better served through another funding mechanism. It was suggested that other programs through DOL might better address workforce needs of the film production industry.

FISCAL IMPLICATIONS

This bill has no direct fiscal implications on EDD. By allowing film production jobs to be included in IDTP, there may be fewer funds available for other companies.

ADMINISTRATIVE IMPLICATIONS

EDD reports that the Film Division would be responsible for the creation of a quick-response classroom training program. The Film Division would handle the tasks of qualifying and training the participants.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 8 appropriates \$15,000.0 to EDD for the in-plant training program. HB 15 appropriates \$20,000.0 million for the program.

SB 419 requires that recipients of in-plant training funds provide health insurance coverage to their employees.

HB 24 would allow in-plant training funds to be used for part-time employees.

OTHER SUBSTANTIVE ISSUES

EDD believes this bill would help expand film production in New Mexico. Recent incentives related to the film production industry require that 60 percent of “below the line” payroll go to New Mexico residents. EDD reports that New Mexico does not currently have sufficient crew for more than two films simultaneously.

POSSIBLE QUESTIONS

1. If film production jobs are not full-time, permanent jobs, should statute be amended to allow the in-plant training program to train part-time, non-permanent positions?
2. How will EDD implement what appears to be a vocational training course? Would it be better to ask the Department of Labor or a college or university to take on this responsibility?
3. Are there other business that are not currently eligible for in-plant training that might also want to have access to the program?

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