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## FISCAL IMPACT REPORT

SPONSOR Griggs ORIGINAL DATE 02/10/21  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Local Economic Development Retail Businesses SB 91  
ANALYST Martinez

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

|              | FY21 | FY22 | FY23 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> | NFI  | NFI  | NFI  |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From

Economic Development Department (EDD)

### **SUMMARY**

#### Synopsis of Bill

Senate Bill 91 (SB91) extends the allowable use of local government Local Economic Development Act (LEDA) funds to unincorporated areas of New Mexico and removes the non-compete clause for municipalities over 15 thousand in population, allowing the municipality to make the decision to support new or expanding retail businesses that may directly compete with existing local businesses.

The effective date of this bill is July 1, 2021.

### **FISCAL IMPLICATIONS**

SB91 does not contain an appropriation and will not have a fiscal impact on the Economic Development Department.

It is important to note that SB91 does not impact state LEDA funds, with the minor exception that the bill clarifies the definition of construction to include “remodel” and “upgrades” to an existing structure.

**SIGNIFICANT ISSUES**

SB91 removes the clause that does not allow for local government funds to be invested into a retail project that is in competition with an existing business.

Removing the competition clause would extend use of local government LEDA funds to allow for a new business to be given a competitive advantage over existing businesses in the community.

The Economic Development Department states that SB91 also removes the clause stating that if a business is located within 10 miles of a community of 15 thousand or more and is competition to an existing business, local funding is not allowed. This could create the same government-sponsored competitive advantage by allowing a business to set up just outside of the municipal limits in order to compete with existing businesses.

JM/al/rl