

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment** _____
Correction _____ **Substitute** _____

Date 1/29/24

Bill No: SB222

Sponsor: Muñoz
Short Title: Relating to Economic Development, Local Economic Development Act (LEDA)

Agency Name and Code Economic Development Department
Number: 41900
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 222 (SB222) proposes to amend certain sections of the Local Economic Development Act (LEDA) (NMSA 1978, 5-10-1) as they relate to applications for public support, application and project evaluation, and reporting.

Throughout sections 5-10-8 and 5-10-9 language is added to include the “department”, meaning the economic development department, wherever there is reference to “a local or regional government” as it pertains the respective roles in the LEDA application process, including submission by the qualifying entity, application review and evaluation.

Additionally, language is moved from the beginning of section 8 to the end, emphasizing that local or regional government must have adopted an economic development plan in order to consider an application for LEDA support from a qualifying entity. It also adds language requiring the department’s LEDA application be available online.

Lastly, the proposed legislation would add the requirement that the department compile an annual report for LEDA projects to include: the number of qualifying entities approved; aggregate amount of LEDA funds approved; for each project approved: the amount of LEDA funds awarded, the number of new jobs approved and created, the median wage of the jobs created, the amount of capital investment committed, the amount of capital investment expended, and an explanation of the return on investment, including methodology; and the average amount of LEDA funds for each job created. An annual report by the department is to be presented to the legislative finance committee with an analysis of the effectiveness of the program. The department is also required to post the report on its website.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The proposed changes as outlined in SB 222 accurately reflect current policies and procedures the department follows. The economic development department has followed through with recommendations from the legislative finance committee by promulgating rule (NMAC 2.94.1) for LEDA in order to codify the program and its policies and procedures. The department is in the process of composing a LEDA policy manual based on the rule, and current processes and procedures. The department posts LEDA project results on its website and is currently in the process of updating to include data from fiscal years 2022-2023. <https://edd.newmexico.gov/community-development/local-economic-development-act/program-results/> In addition to the initial economic impact analysis the department

conducts as part of the vetting process for every LEDA application, it has also implemented an annual economic impact analysis for every active LEDA project, which updates with actual data and calculates a return on investment of every project throughout its lifecycle.

The only aspect of the proposed amendments in SB 222 that the department finds challenging is the publication of the LEDA application online. Due to the discretionary nature of the program, it is necessary to perform vetting and data collection on the front end, as well as approval from the Governor's office to move forward, prior to opening up the full application to a qualified entity. The application is extremely thorough, and includes a large amount of information, much of which is proprietary. If the application were available online, the department would have no way of qualifying the applicants for eligibility and the application process would become extremely bogged down. Additionally, it would be a disservice to companies who would spend a significant amount of time and effort completing an application, only to be told that they aren't eligible. The website currently describes the type of information that is required in the LEDA application, <https://edd.newmexico.gov/business-development/edd-programs-for-business/finance-development/leda/> and it is explained in detail to the companies when they meet one-on-one with their local economic developers and department representatives.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS