

With increased legislative investment in economic development initiatives, the Economic Development Department (EDD) will be expected to expand its role of oversight and coordination for newly created programs, such as the venture capital fund and opportunity enterprise acts.

The department surpassed performance targets on nearly every measure in FY22 and doubled rural job creation compared with FY21 which had lagged overall job creation since the pandemic. The department's strong performance continues into the second quarter of FY23. The committee should work with the agency and state budget division to increase performance targets for FY24 to reflect and maintain the momentum of the department's FY22 performance. In an otherwise exceptional year for the department, the performance of the New Mexico partnership (created as a mechanism to entice and entertain companies considering relocating to New Mexico) stands out, attracting only 64 jobs to the state, well under the target of 2,250 jobs.

The agency's action plan reflects both its 20-year strategic plan and directives from legislators in the three EDD LegisStat hearings.

## Economic Development

**Local Economic Development Act and Job Training Incentive Program.** The Economic Development Division did not award any LEDA funding in the second quarter of FY23. Typically, the second quarter has the least awards for the department's incentive programs, with projects picking back up in quarter three. The department notes it has several LEDA projects in the works for the third quarter, including a solar manufacturing company in central New Mexico with the potential to create 3,000 jobs, an electronics manufacturing facility in southern New Mexico proposing to create 75 new jobs, and a beef processing facility in southwest New Mexico creating an unspecified number of new jobs.

For the Job Training Incentive Program (JTIP), the JTIP board approved 18 companies and a total of 178 trainees in the second quarter. Of the trainees, 47 are high-wage positions, with annual salaries greater than \$60,000. One internship and 15 trainees were approved for training. Of the total trainees approved, 30 are located in rural areas including Deming, Hobbs, Roswell, Santa Teresa, Sunland Park, and Taos.

Additionally, the Film Crew Advancement Program (FCAP), one of the two job training incentive programs for Film and Multimedia programs, approved one company to train 4 crew members. The department reports \$6.1 million in available JTIP funds, though the actual cash balance for the fund is over \$35 million.

**MainStreet.** In addition to \$11.8 million in private sector investments and 86 private building rehabilitations, local MainStreet programs reported 100 net new jobs in the second quarter of FY23. Major MainStreet projects include the purchase of the Cantu Plaza in Taos for \$2.7 million and a public-private partnership in Las Cruces which is projected to bring over 100 jobs in the area for

## ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

### LegisStat Pilot Agency

The New Mexico Economic Development Department (NMEDD) participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans. The department will update the committee on LegisStat measures during its next committee hearing. Follow up questions include:

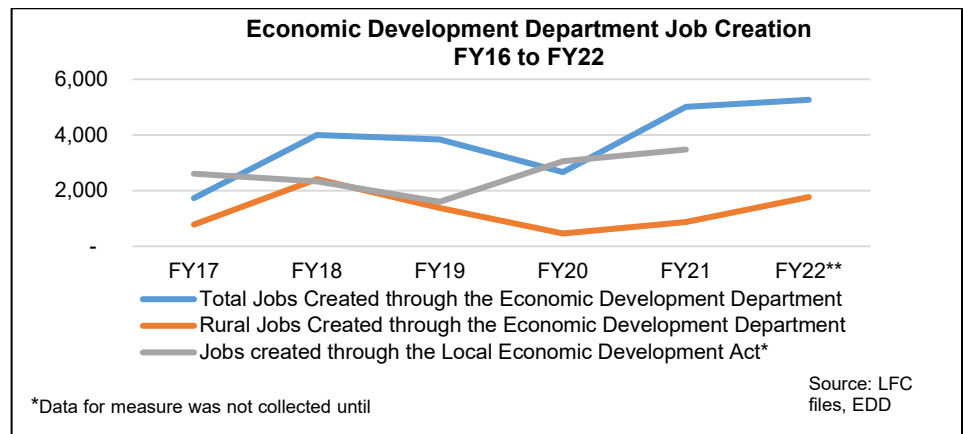
- How many of the short-term strategic plan action items has the department completed or nearly completed?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

\$1 million. The Legislature approved \$10 million in severance tax bonds for MainStreet districts during the 2023 regular legislative session.

One Time Economic Development Funding at a Glance (in thousands)		
Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	\$3,000	
Trails + Grants	\$7,000	
Film Academy		\$40,000
Local Economic Development Act		\$50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	\$435	\$3,500
Local grant management		\$1,500
Opportunity Enterprise Fund		\$70,000
Job Training Incentive Program		\$6,000
<b>Subtotal</b>	<b>\$10,000</b>	<b>\$201,000</b>
<b>Grand Total</b>		<b>\$216,435</b>

Source: LFC Files

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Jobs created due to economic development department efforts	5,012	5,263	4,000	811	14		Y
Rural jobs created	871	1,766	1,320	175	14		G
Average wage of jobs created due to economic development department efforts (in thousands)	\$70.6	\$61.4	\$47.5	\$54.9	\$64.4		Y
Jobs created through business relocations facilitated by the New Mexico partnership	147	64	2,250	17	0		R
Potential recruitment opportunities submitted by the New Mexico Partnership	60	\$42	60	18	13		G
Wages of jobs created in excess of prevailing local wages (in thousands)	\$24,948	232	\$5,000	\$10.9	\$16.3		G
Private sector investment in MainStreet districts, in millions	\$58	69	\$30	\$7.8	\$11.8		G
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	9	21	12	6	4		G
Private sector dollars leveraged by each dollar through Local Economic Development Act	128:1	\$42	20:1	17:1	0		Y
Jobs created through the use of Local Economic Development Act funds	3,058	2,100	3,000	496	0		Y
Workers trained by Job Training Incentive Program	3,356	2,841	1,900	737	178		Y
<b>Program Rating</b>	<b>Y</b>	<b>Y</b>					<b>G</b>



### New Mexico Film Office

The film industry has become a top focus of this administration. LEDA has doled out large awards to film partners, including \$21 million to Netflix and \$7.7 million to NBC Universal. The Legislature also appropriated \$40 million in one-time funding for a state-run film and media academy in 2022. Total gross receipts paid by film industry productions were significantly lower in the second quarter

compared to the first. The department notes it will continue to market New Mexico as a premier film destination to production companies to increase film activity.

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY2 3 Q3	Rating
Direct spending by film industry productions, in millions	\$257.3	\$624	\$530	\$268.8	67.42		<b>G</b>
Film and media worker days	266,604	514,580	320,000	198,094	55,401		<b>G</b>
Total gross receipts paid by film industry productions, in millions	NEW	\$30.6	\$20	\$14.7	\$3.46		<b>Y</b>
Total wages paid by film industry productions to New Mexico residents, in millions	NEW	\$121.2	\$200	\$48.6	\$15.2		<b>G</b>
<b>Program Rating</b>	<b>Y</b>	<b>G</b>					<b>G</b>

### Outdoor Recreation

The Outdoor Recreation Division’s goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs.

The Legislature heavily invested in the division’s two grant funds, appropriating \$7 million to the “Trails +” fund, created to assist local entities in creating, maintaining, and improving recreational trails, and \$3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth in the state. The division began accepting grant applications for the “Trails +” outdoor infrastructure grants in early March and announced the first 15 recipients of the grant, totaling \$2.74 million. Approved projects include \$400 thousand to McKinley County for a 22-mile trail connector, \$99 thousand to Red River for restroom facilities in Mallette Park, and \$78.9 thousand for trail improvements in Bloomfield. The division also received a \$1.9 million joint grant with the Tourism Department from the federal Economic Development Administration for marketing.

<b>Budget: \$482.2 FTE: 4</b>	FY21 Actual	FY22 Actual	FY23 Target	FY22 Actual	FY23 Q1	FY2 3Q2	FY23 Q3	Rating
New outdoor recreation jobs created by the outdoor recreation division*	40	173	N/A	173	175	82		
Outdoor recreation projects funded or lead by the outdoor recreation division*	11	44	N/A	44	20	19		
Number of youth to participate in outdoor education programs through the division*	NEW	21,904	N/A	21,904	12,221	0		
<b>Program Rating</b>								<b>G</b>

\*Measure is classified as explanatory and does not have a target.