

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** HB 7

**51st Legislature, 1st Session, 2013**

**Tracking Number:** .190542.1

**Short Title:** Development Training

**Sponsor(s):** Representative Thomas C. Taylor and Others

**Analyst:** James Ball

**Date:** January 29, 2013

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**Bill Summary:**

HB 7 makes an appropriation for a development training program providing classroom and in-plant training to furnish qualified human resources for new or expanding industries and businesses in New Mexico.

\* HB 7 contains an emergency clause.

**Fiscal Impact:**

\$4.75 million is appropriated from the General Fund to Development Training Fund for expenditure in FY 13 and subsequent fiscal years. Unexpended or unencumbered funds do not revert to the General Fund.

**Fiscal Issues:**

\$3.0 million is provided in the General Appropriations Act for the Job Training Incentive Program (JTIP).

The Economic Development Department (EDD) notes, however, that despite the increasing demand for JTIP funds from companies, since 2001 the annual appropriation has declined, thus the need for the \$4.75 million appropriation included in this bill. EDD is concerned about the ability to meet the needs of companies as they expand during the economic recovery.

EDD states that if the agency meets its goal of creating 1,000 jobs in FY 14 and the average cost per JTIP trainee is \$5,300, then the program would require \$5.3 million to meet job creation needs.

**Substantive Issues:**

According to EDD, JTIP is a major incentive tool used to create jobs in New Mexico, both for existing New Mexico companies and companies which relocate or start up in New Mexico. The program is considered an incentive because it is primarily used to reimburse qualifying companies 50 to 80 percent of the wages paid to newly hired employees for up to six months.

**Background:**

EDD reports that assessing the program since 2000, JTIP’s progress reflects the following:

- average projects funded per year: 46;
- average yearly obligation per project: \$212,500;
- average cost/trainee: \$5,300; and
- average expenditure (actual draw downs) per year: \$5.3 million.

EDD recruitment activity has increased significantly and demand for JTIP has increased in conjunction. The projects listed below are part of the estimated requests for the remainder of FY 13 and the FY 14 pipeline.

**FY 13-FY 14 Pipeline:**

Project Name:	Jobs	Estimated JTIP	
Estimated Pipeline of requests for remainder of FY 13	716	3,900,000	
Project Crown (Metro)	500	3,500,000	
Project Norton	100	800,000	<i>Phase 1</i>
Project Engine (San Juan County)	25	300,000	
Project Verano (LC)	150	400,000	<i>Phase 2</i>
Project INIS (Lea County)	100	1,100,000	<i>Phase 1 &amp; 2</i>
Project Blue (Otero County)	30	374,000	
Project Dano	100	800,000	<i>Phase 1</i>
Project More	750	2,100,000	
Project FRST (Otero County)	40	400,000	
Project Luck (Metro)	200	1,500,000	<i>Phase 1</i>
Project Lock	15	72,000	
Total for FY 14	2,861	14,300,000	

EDD also notes that JTIP is often instrumental in companies’ decisions to locate or expand in New Mexico. The following companies are among the many that have located and/or expanded in New Mexico based in large part on the availability of JTIP funds:

- Pre-Check (Alamogordo);
- Southwest Cheese (Clovis);
- Montell Fabrication & Rebuild (Corona and Deming);
- NM Wineries (Deming);
- Hewlett Packard (Rio Rancho);
- Fidelity Investments (Albuquerque);
- JUT Demonstration (Hobbs);
- L&M Radiator (Las Cruces);
- Lowe’s Companies, Inc. (Albuquerque); and
- Western Baking Company (Alamogordo).

Rural projects funded recently include:

- Compass Components – eight jobs in Deming;
- Martinez & Sons Processing – eight jobs in Las Vegas;
- Western Baking Corporation – 36 jobs in Alamogordo;

- Plenish, Inc. – two jobs in Ranchos de Taos;
- Ideum, Inc. – 11 jobs in Corrales;
- Fair Oaks Farms Brands – 10 jobs in Dexter; and
- New Mexico Wineries – 10 jobs in Deming.

**Committee Referrals:**

**HBIC and HAFC**

**Related Bills:**

HB 11 *General Appropriations Act of 2013*

SB 42 *Statewide Certified Business Incubators*