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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/16
 LAST UPDATED 2/8/16 HB _____

SPONSOR Papen

SHORT TITLE Job Creation Program Measurement SB 131

ANALYST Clark

APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	\$150.0				Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 131 appropriates \$150 thousand from the general fund to the Economic Development Department (EDD) to research, clarify and standardize the terms, measures, and reporting protocols for state and local job-creation programs; make recommendations to improve the reporting and other systems associated with those programs; and promote the widespread adoption of that system.

FISCAL IMPLICATIONS

The appropriation of \$150 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

SIGNIFICANT ISSUES

Reporting of activities and results related to economic development programs and incentives in the state is minimal, fragmented, and often involves overlap or duplication. Without a significant improvement in reporting, it is impossible to judge the effectiveness or relative efficiency of most programs or to determine if the programs are creating the desired effect. This bill proposes to address this situation by tasking EDD to research the issue, recommend improvements, and promote widespread adoption of the recommended reporting protocols. The research and recommendations could be performed and developed within the agency, by contracting with experts, or a mix of both. However, some of the information that would be useful in evaluating programs is currently part of confidential tax records and would require legislation to allow EDD, LFC, or a third-party entity to evaluate the information.

EDD provided the following additional information that expands on these issues.

Implementing new performance metrics has historically been limited by the amount of information available to EDD. Information on companies that take advantage of tax incentives is considered proprietary, as is employment data that would allow us to confirm employment levels in companies we assist. Many new metrics proposed over the years have been eliminated for these reasons. It will require legislative action to give EDD access to this kind of business-specific information.

PERFORMANCE IMPLICATIONS

This bill could result in standardization and widespread adoption of performance reporting terms and measures, which would enable better analysis of the effectiveness and efficiency of economic development programs.

EDD reports it would welcome the opportunity to evaluate its performance metrics, both how they are generated and reported. The agency should be able to encourage widespread use of the new system through its community development funding programs.

ADMINISTRATIVE IMPLICATIONS

There would be a minimal administrative impact, but it would be funded through the appropriation contained in the bill. EDD reports this work would most likely be done by a qualified contractor with minimal impact on EDD staff.

JC/jo/jle/al