FISCAL IMPACT REPORT

SPONSOR Shendo	**ORIGINAL DATE** 2/6/18 **LAST UPDATED**	**HB**
SHORT TITLE New Industry Job Growth & Forecasting		**SB** 219
	ANALYST Amacher	

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	**FY19**		
($150.0)	$0.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	**FY19**	**FY20**	**3 Year Total Cost**	**Recurring or Nonrecurring**	**Fund Affected**
Total	$150.0	$0.0	$0.0	$150.0	Nonrecurring	LCS Operating Expenses

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
University of New Mexico Department Health Sciences Center (UNMHSC)
Economic Development Department (EDD)

SUMMARY

   Synopsis of Bill

Senate Bill 219 appropriates $150 thousand from the general fund to the Legislative Council Service for expenditure in FY 2019 to contract for job growth and economic forecasting. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund. The research performed must identify and prioritize new and emerging industries in New Mexico that can succeed in the state but currently represent less than 10 percent of the state's gross state product. Estimates on the economic and job grow for the identified industries must also be included. The results of the research must be reported to the Legislative Finance Committee and other appropriate interim legislative committees no later than December 15, 2018. If enacted, the effective date of this bill is May 16, 2018.

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 FY19 shall revert to the general fund.

SIGNIFICANT ISSUES

The Economic Development Department (EDD) notes that this is an area currently being studied by the Bureau of Economic Analysis (BEA). The 2016 data is still incomplete because some occupational sections have not yet reported the 2016 data into the BEA. Therefore, the data from the BEA for 2017 will not be complete by the date the report is due pursuant to this legislation, notes the EDD. This bill specifies the research to industries that represent less than 10 percent of the state's gross state product. The EDD reports these group are commonly the last to report data to the BEA. The EDD provides the following chart identifying industries that are within the defined scope of this legislation and the GDP data from year 2014, 2015, and 2016:

Industry	2014	2015	2016
Agriculture, forestry, fishing, and hunting	1.7%	1.3%	1.3%
Utilities	1.5%	1.4%	1.5%
Construction	3.4%	3.7%	3.8%
Manufacturing	4.2%	4.4%	4.3%
Wholesale trade	3.2%	3.3%	3.3%
Retail trade	5.8%	6.1%	6.2%
Transportation and warehousing	2.7%	2.8%	2.6%
Information	3.0%	3.7%	3.8%
Professional and business services	9.6%		
Educational services, health care, and social assistance	7.2%	7.7%	8.1%
Arts, entertainment, recreation, accommodation, and food services	3.7%	3.8%	4.0%
Other services, except government	2.1%	2.2%	2.2%
Mining		9.9%	7.8%

PERFORMANCE IMPLICATIONS

As proposed, the scope of this legislation appears to duplicate existing efforts by several agencies within the state. For example, the UNM Bureau of Business & Economic Research (BBER) provides over 70 years of experience providing economic forecasting and research services. The BBER also offers quarterly economic forecast meetings reporting on current factors influencing the state's economy for discussion by BBER subscribers.

JMA/jle