

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

Garcia/Alcon/
 Lundstrom/
SPONSOR Allison/Johnson **ORIGINAL DATE** 2/19/2019 **LAST UPDATED** _____ **HB** 524

SHORT TITLE Prewitt Industrial Park **SB** _____

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$250.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

HB524 appropriates \$250 thousand to the Economic Development Department (EDD) for the planning and development of the Prewitt Industrial Park in McKinley County as recommended from reports required by HM72 from the 2017 legislative session and HM41 from the 2018 legislative session.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

The Economic Development Department did not provide information on any additional operating expenses that will be incurred if HB524 is enacted. The Department currently does not have enough staff to take on additional duties of this magnitude, including planning and development of an Industrial Park. If HB524 is enacted, the Department will most likely have to contract with an outside entity who is an expert in this area.

SIGNIFICANT ISSUES

During the 2017 legislative session, HM72 recognized job growth at the Escalante Generating Station in Prewitt, New Mexico. HM72 required that the Economic Development Department, Workforce Solutions Department, and the Energy, Minerals and Natural Resources Department study the job growth potential and provide a report to the relevant interim legislative committees prior to November 1, 2017. The report was not provided for this FIR, and therefore cannot be attached.

During the 2018 legislative session, HM41 requested that the Economic Development Department, Workforce Solutions Department, and the Energy, Minerals and Natural Resources Department, along with the New Mexico Energy Associations, Continental Divide Electric Cooperative, local and regional economic development organizations, and universities in the region all be consulted and engaged in the development of a report and strategic planning process on the opportunity for job growth presented by the Escalante Generating Station in Prewitt, New Mexico. The Economic Development Department, The Workforce Solutions Department, and the Energy, Minerals and Natural Resources Department present a report to the relevant interim legislative committee prior to November 1, 2018. The report was not provided for this FIR, and therefore cannot be attached.

The Economic Development Department provided the following:

The reports created as a result of the studies done in accordance with HM72 from the 2017 legislative session and HM41 from the 2018 legislative session identified a parcel of State land near County Road 19 as the prime location to develop the Prewitt Industrial Park. The industrial park is planned to tie in with existing industry in the region, strengthen the existing industry cluster, and benefit the region as a whole. The industrial park is located in McKinley County but would also assist Cibola County as the majority of the current workforce in the region comes from Cibola County.

ADMINISTRATIVE IMPLICATIONS

The Department currently does not have enough staff to take on additional duties of this magnitude, including planning and development of an Industrial Park. If HB524 is enacted, the Department will most likely have to contract with an outside entity who is an expert in this area.

ALTERNATIVES

If HB524 is not enacted, additional funding can be requested from McKinley County to invest in the Prewitt Industrial Park in McKinley County.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Economic Development Department provided the following:

The planning of the Prewitt Industrial Park may be delayed as they search for other funding options to begin the planning and development of the industrial park. This would then delay the construction phase of the project and potentially miss out on economic development opportunities.

JM/gb