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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/2020

SPONSOR Fajardo LAST UPDATED _____ HB 205

SHORT TITLE Market NM Software Developers SB _____

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$1,300	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$70	\$70	\$210	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 205 appropriates \$1.3 MILLION from the GENERAL FUND to the Economic Development Department for the purpose of developing and implementing a marketing and research campaign to encourage companies outside the state to contract with software developers located in New Mexico.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The Economic Development Department states that administering a new program of this size at EDD will require an additional full time equivalent position, at a cost of \$70 thousand annually.

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The Economic Development Department does not have current staff to take on additional responsibilities.

The appropriation of \$1.3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2021 shall revert to the general fund.

ALTERNATIVES

The New Mexico Partnership is the official, statewide economic development organization for locating businesses from out of state into New Mexico. The New Mexico Partnership currently receives a contract from EDD in the amount of \$1.4 million annually in general fund revenue.

The Economic Development Department stated that this funding to attract out of state companies to contract with software developers should go to the New Mexico Partnership.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Economic Development Department stated that Software development is a growing field in New Mexico with 100 software development firms located in the state currently, not enacting this bill could affect existing software companies by reducing their visibility.

JM/rl