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FISCAL IMPACT REPORT

SPONSOR Sweetser/Dixon ORIGINAL DATE 02/08/21
LAST UPDATED _____ HB 155
SHORT TITLE Workforce Training Residency Requirements SB _____
ANALYST Bachechi

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 155, Workforce Training Residency Requirements, amends Section 21-19-7 NMSA 1978 to remove the sunset provision and make permanent the reduced residency requirement under the Job Training Incentive Program (JTIP) when the training is provided for high-wage jobs.

Laws 2017, Chapter 10 amended the residency requirement in Section 21-19-7 NMSA 1978 relating to the Industrial Development Training Program, otherwise known as the Job Training Incentive Program (JTIP) (5.5.50.6 NMAC). The amendment changed the residency requirement for trainees to participate in the JTIP under certain circumstances from at least one year (at any time) to at least one day (at any time) for fiscal years 2018 through 2022.

This bill strikes the time limitation, making the reduced residency requirement of at least one day permanent for trainees when training is for: 1) a job with a salary of at least \$60 thousand in a class H county or within ten miles of the boundaries of a municipality with a federal census population of at least 60 thousand; 2) a job with a salary of at least \$40 thousand in a municipality with a federal census population of less than 60 thousand or in an unincorporated

area of a county (not within ten miles of a municipality with a population of 60 thousand or more) that is not a class H county.

FISCAL IMPLICATIONS

There are no fiscal implications related to this bill.

SIGNIFICANT ISSUES

Since the inception in FY18 allowing for the reduction of the residency requirement, 117 high-wage jobs have been approved, of which 23 were in rural communities throughout New Mexico. Under this allowance, \$1,203,966 has been claimed since its inception.

Attraction, workforce development, and retention of talent is vital in diversifying New Mexico's economy. This provision has been helpful with attraction of highly skilled employees, and removing the sunset clause will help continue the recruitment efforts of businesses by attracting a workforce for today's job openings and those in the future.

JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 75 percent of employee wages. Custom training at a New Mexico public educational institution may also be reimbursed.

The Legislature increased recurring appropriations for JTIP in FY20 by \$1 million, bringing the total recurring funding to \$5 million. The JTIP board approved 69 businesses for funding in FY20, including 20 in rural communities, with a total of \$18 million in awards, and exceeded the target of workers trained with 2,202. The average hourly JTIP wage was \$19.32. The JTIP board obligated \$5.5 million to rural companies in FY20, meeting statutory requirements for funding of rural communities. As of January 2021, \$6.6 million is available for the remainder of the fiscal year. (See JTIP awards chart in the LFC Volume III.)

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