

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

FISCAL IMPACT REPORT

SPONSOR	Cadena/Hernandez/Martinez, A/Harper/ Gallegos	LAST UPDATED	<hr/>
		ORIGINAL DATE	02/16/23
SHORT TITLE	Econ. Development Project Population Limits	BILL	
		NUMBER	House Bill 374
		ANALYST	Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	No Fiscal Impact	Recurring	General Fund
	Uncertain, but positive	Uncertain, but positive	Uncertain, but positive	Uncertain, but positive	Recurring	Las Cruces, Rio Rancho, Santa Fe

Parenthesis () indicate revenue decreases.

Sources of Information

LFC Files

Responses Received From

Economic Development Department (EDD)

New Mexico Attorney General (NMAG)

No Response Received

Municipal League (NMML)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of House Bill 374

House Bill 374 raises the population limit from 60 thousand to 200 thousand for infrastructure projects that may be funded through the Local Economic Development Act on government-owned land not obtained through the issuance of industrial revenue bonds.

Three additional cities would become eligible for LEDA funds: Las Cruces, Rio Rancho, and Santa Fe.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

EDD indicates the following:

There may be some fiscal impacts to the LEDA funds. Currently this portion of the LEDA statute has funded seven projects in rural New Mexico (under 60,000 in population) since this amendment was put in place three years ago. The Economic

Development Department (EDD) is getting requests for an average of \$3 million annually for these types of projects, so this increase to include three additional qualifying cities would most likely cause a fiscal impact in the \$9-\$15 million range in the upcoming fiscal year, necessitating additional LEDA funding.

SIGNIFICANT ISSUES

Pursuant to the provisions of this bill, three cities would become eligible for LEDA funding:

Las Cruces city	102,950
Rio Rancho city	97,976
Santa Fe city	84,418

EDD notes the following:

This bill increases the potential public projects that could be invested in to include Santa Fe, Rio Rancho and Las Cruces, which are currently not eligible for this type of funding, yet still excludes Albuquerque from being able to access these funds, which is in relative alignment with the original intent of this amendment to the LEDA statute to allow for investment into infrastructure in rural areas that don't have the capacity to make these investments.

There is no standardized definition of "rural" in New Mexico, and that is always a question that arises in legislation. This bill expands the definition in the LEDA statute to include three cities in New Mexico that the sponsors feel are rural – these are three of the four largest communities in New Mexico, but to many people inside and outside the state, everything outside Albuquerque feels rural.

The legislation already restricts the use to publicly owned land so it would not have any impacts or conflicts with Article 9 Section 14 of the new Mexico Constitution commonly referred to as the anti-donation clause.

EDD does not have a full inventory of publicly owned industrial and commercial properties in these three cities, but they would anticipate at least one significant application from each of the three mentioned cities for this type of grant, which could well improve these sites' marketing capabilities to land future job creation opportunities.

LG/rl/hg