

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/21/2025 *Check all that apply:*
Bill Number: HB6 Original Correction
 Amendment Substitute

Sponsor: Szczepanski, Stewart, Roybal **Agency Name** Economic Development
Caballero, Sanchez, Martínez **and Code** Department
Short Title: IRB PROJECT MINIMUM **Number:** 41900
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 6 (HB6) amends Section 13-4-11 NMSA 1978 under the Public Works Minimum Wage Act by adding industrial revenue bond (IRB) projects to the section and requiring that projects undertaken by a municipality or county through the issuance of IRBs pay the prevailing wage and comply with the provisions of the section. This expands the Public Works Minimum Wage Act scope from public projects to private developments that receive IRBs. In particular, the contractor, subcontractor, employer, or person acting as a contractor on an IRB-funded project exceeding sixty thousand dollars (\$60,000) must ensure payment of minimum wages and fringe benefits based on prevailing rates determined by the Workforce Solutions Department's Labor Relations Division.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

IRBs are one of the state's most important and effective economic incentives, especially for large capital-intensive projects, enabling local governments to attract private investment without providing direct funding or assuming financial risk. When a company is awarded an IRB, it secures and repays the bonds while benefiting from a reduction in property taxes on its investment for up to 30 years. This incentive makes large-scale investments more financially viable and encourages businesses to choose New Mexico over other locations.

IRBs are particularly effective in converting undeveloped land into productive economic centers. These sites often have low taxable value before investment and may remain vacant for years without incentives. By facilitating private investment, IRBs drive job creation, infrastructure improvements, and long-term tax revenue growth for local governments.

HB6 expands the scope of the Public Works Minimum Wage Act to cover private sector projects that use IRBs. It will likely increase the cost of construction, increasing costs for the overall development therefore reducing the value of IRBs as an incentive. Higher costs may discourage businesses from investing in the state, and compliance with wage requirements could delay project approvals.

The cost of public projects in New Mexico increased by 138 percent between 2019 and 2023 compared with the national average, which increased by 35 percent for the same time period. ([*see Escalating Costs of Public Construction, LFC January 15, 2024, page 4.*](#)) Adding new public sector wage requirements to private sector construction projects could similarly impact the costs of private sector construction.

While HB6 may increase wages for workers on IRB-funded projects, potentially leading to higher earnings and possibly attracting more skilled labor into the state, the added labor costs could ultimately reduce the effectiveness of IRBs as a development tool. If IRBs no longer

provide a strong financial incentive, fewer companies may choose to invest in New Mexico, leading to fewer projects, fewer jobs, and lost economic opportunities.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS