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FISCAL IMPACT REPORT

SPONSOR <u>Shendo</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/14/25</u>
SHORT TITLE <u>Reporting of Economic Development Incentives</u>	BILL NUMBER <u>Senate Bill 158</u>
	ANALYST <u>Rodriguez/Gray</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EDD	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Economic Development Department (EDD)

SUMMARY

Synopsis of Senate Bill 158

Senate Bill 158 (SB158) adds reporting requirements for the state’s flagship economic development programs to statute. Currently, the Economic Development Department (EDD) internally collects and monitors performance data regarding the Local Economic Development Act (LEDA) and the Job Training Incentive Program (JTIP). By practice, the department shares this information with the Legislature and the public. This bill would formalize that practice into statute.

For LEDA, the bill requires the department to report each year to the Legislature:

- The amount of public support provided,
- The amount of committed capital investment,
- The anticipated and actualized number of jobs created and corresponding wages, and
- The actual economic impact of projects.

For JTIP, the bill requires the department to report each year to the Legislature:

- The number of individuals trained and the corresponding wages, and
- The actual economic impact of the project.

SB158 also provides clarifying language to allow the Legislative Finance Committee (LFC) to request proprietary technical information from the department for evaluation purposes. This is a

provision intended to ensure that none of the reporting requirements required in section 1 and section 4 are prohibited by other sections of state law.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

This bill has no fiscal implications because EDD already evaluates potential companies for LEDA, collects data on awarded projects for JTIP and LEDA, and compiles an annual report on LEDA projects. EDD staff already provide the information covered by this bill to the Legislature, meaning SB158 would not create new demands on EDD staff time and resources.

SIGNIFICANT ISSUES

In 2025, the Legislature appropriated \$350 thousand to the Legislative Finance Committee to enhance its ability to evaluate economic development programs. This legislation is connected to that effort to ensure that as evaluation work begins the data currently available remains available.

A 2022 LFC program evaluation, *Impacts of Past Local Economic Development Act and Job Incentive Training Program Investments*, found that LEDA and JTIP resulted in fewer jobs than predicted and EDD sometimes failed to claw back funds from companies that failed to meet employment requirements. The evaluation also noted the state could improve how it monitors post-investment impacts of the programs. EDD began an effort to do this for LEDA in 2022, after proposing additional performance measures in 2019 to provide greater information on program results.

Currently, the Legislature receives economic development reporting based on a patchwork of law and practice. The table below summarizes each of SB158’s reporting requirements, whether that component is currently reported, and whether that reporting is provided by practice or required pursuant to the General Appropriation Act (GAA). Some data is reported to the Legislature quarterly and summarized in the Legislative Finance Committee’s quarterly agency performance reports. Other data is reported annually and is summarized in the Legislative Finance Committee’s budget publications (i.e., *Policy and Performance Analysis* or *Supplemental Charts and Graphs*).

Program	SB158 Required Reporting Component	Currently Reported to Legislature?	Why is Component Reported?	Reported Annually or Quarterly?
LEDA	Total state support	✓	By practice	annually
	Name of project	✓	By practice	annually
	Amount of support	✓	By practice	annually
	Amount of private capital investment	✓	By practice	annually
	Number of jobs expected to be created	✓	GAA	quarterly
	Average wage of jobs expected to be created	✓	By practice	quarterly
	Number of jobs actually created	✓	By practice	quarterly
	Average wage of jobs actually created	✓	By practice	quarterly
JTIP	Economic impact	✓	By practice	annually
	Number of trainees	✓	GAA	quarterly
	Average wage of trainees	✓	By practice	quarterly
	City or county of business	✓	By practice	annually
	Economic impact	✓	By practice	annually

Of the 13 reporting components required by SB158, all 13 are currently reported to the Legislature. However, only two components are reported pursuant to state law through the GAA. This presents a possible obstacle for the Legislature. If an executive administration were to decide to change current practice and stop certain reporting components, the Legislature would be without recourse. What’s more, even those reporting requirements provided through the GAA may be subject to a line-item veto like all provisions of the GAA.

SB158 provides specificity on what oversight is needed and requires that oversight data be shared with the Legislature. Adding reporting criteria to the statute could result in more accountability and transparency on the outputs and return on investment for LEDA and JTIP across administrations. Without statutory guardrails, different administrations may report different data for these two key economic development programs.

EDD has taken several rulemaking steps to solidify its reporting standards. For LEDA, the department established rules in 2023 to clarify project eligibility, reimbursements, reporting requirements for participating companies, and project closeout. New Mexico Administrative Code 2.94.1.9 requires EDD to collect actual economic impact data to prepare a final economic impact analysis and demonstrate return on investment. For JTIP, the industrial training board—which is attached to EDD—administers board reviews and oversees JTIP funds to ensure that “[funds] will generate business activity” and grow the New Mexico economy. As part of its oversight function, the board publishes monthly information, including recipients, award amounts, and jobs that are expected to be created. The department’s rule also allows for yearly follow-ups with participating companies to show effectiveness, which can include trainee retention and wages.

EDD’s analysis asserts that the requirements provided by section 2 and section 3 of the bill will “greatly deter a company’s confidence in its protection” and could have a cooling effect on economic development activities. This analysis disputes that assertion because those provisions only allow data provided pursuant to those sections to be used for evaluations. That data cannot be published unless it is sufficiently anonymized. What’s more, the information required under SB158 is already provided to the Legislature.

JR/BG/SL2