

EDD Overview



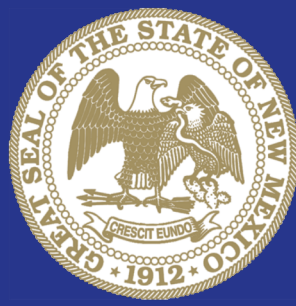
The mission of the New Mexico Economic Development Department is to *Improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive.*

■ Economic Development Division

- JTIP
- Community, Business, & Rural Development Team (Regional Reps)
- MainStreet
- Office of International Trade
- Office of Science and Technology

● LEDA

- Film
- Outdoor Recreation
- Creative Industries
- Administratively Attached
- Office of Military Base Planning
- Spaceport Authority



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Local Economic Development Act (LEDA)

- What is LEDA?
- How Does it Work?
- What is the Process?
- What is the Benefit?

What is LEDA?



- LEDA is the **Investment** of public monies into a private company to offset costs associated with land, building and infrastructure.
- LEDA is an exception to Article 9 Section 14 of the New Mexico Constitution to allow such investments for the purpose of economic development and job creation.
- LEDA requires that there is sufficient economic impact (return on investment) (ROI) to offset the public investment
- LEDA requires security (collateral) equal to the amount of the grant award for the purpose of securing clawbacks

How Does LEDA Work?

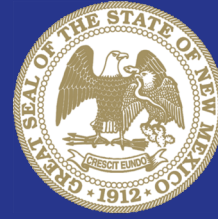
- LEDA is a discretionary incentive, the amount of investment is at the discretion of the Executive Branch (Governor)
- LEDA is sometimes described as the closing fund it allows for the public monies to be used to reimburse the company for expenses related to items that will not leave New Mexico (land, building & infrastructure)
- All LEDA projects require a Project Participation Agreement (contract) between the public entity and the company outlining the company's investment, job creation, capital investment and public investment and how clawbacks may be applied.
- LEDA may only be used for qualified companies in the economic base sector.

What is the Process?



- LEDA projects come from a variety of places, leads from the New Mexico Partnership, leads from local economic development organizations, from within the Economic Development Department's Regional Rep Team, a direct contact with the Governor, direct contact with the Secretary, etc.
- After initial contact regardless of the source the NM EDD department determines if the project meets the LEDA eligibility requirements.
- The department meets with the company to understand the needs of the project, the scope of the project and the desired location possibilities of the project.
- Depending on the project the next steps may be assistance with potential sites, if the project already has a site or sites in mind the next step is to determine what potential incentives may or may not apply to the project.

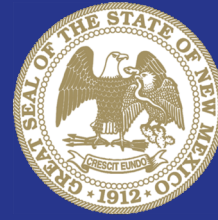
What is the Process?(continued)



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- The NM EDD team works with the company to assemble the data associated with the project.
- Total capital investment into land, building, infrastructure, equipment and other costs
- Total job creation, payroll, job types and wages
- Sources and uses of where the funding is coming from for the project and how it will be invested
- Company's corporate structure and costs associated with utilities, local spend and visitors on an annual basis .

What is the Process?(continued)



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- The data is used to complete a comprehensive incentive analysis to determine the potential of all state incentive like JTIP, High Wage Tax Credit, Rural Jobs Tax Credit, R & D Tax Credit, Industrial Revenue Bonds (IRBs)
- The data is also used to determine the total economic impact of the proposed project over the next ten (10) years as well as the fiscal impact to the state, city, county, schools and other special taxing districts.
- NM EDD looks at what the amount of the public investment is from a statutory incentive perspective compared to the fiscal impact of the project and looks at the total capital investment, the quality of the jobs (wages in excess of average wages in the region) and the quantity of the jobs and makes a recommendation to the Executive Branch.
- The Executive Branch makes a determination of the amount of the public investment (if any) will be allowed for the project.

What is the Process?(continued)



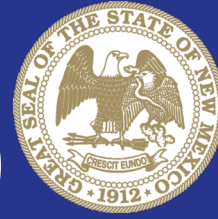
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- Once the offer for LEDA has been made then the formal application including financial review, due diligence and public process including a public hearing and an adoption of an ordinance by the fiscal agent (city or county) takes place.
- Encapsulated in the ordinance is the Project Participation Agreement (PPA) the contractual arrangement between the company and the fiscal agent, the Intergovernmental Agreement (IGA) showing the movement of state LEDA funds to the fiscal agent and how those funds are to be handled and the security agreement (collateral).
- Upon completion of the public process the LEDA project moves into reimbursement and compliance for the length of the PPA.

What is the Benefit?

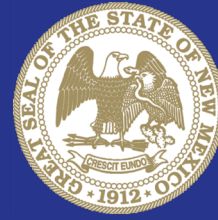
- Annually the New Mexico Economic Development Department collects the same data from LEDA projects that they collect at the onset, however the difference is these numbers are actual numbers of what has happened since the PPA was approved and signed, not projected numbers.
- This allows for two things to happen:
 1. How is the project tracking compared to projections
 2. What is the actual return on the investment

What is the Benefit? (continued)



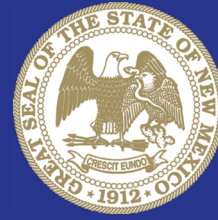
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- When doing this analysis the NM EDD looks not just at the ROI on the LEDA investment, but it also looks at the total picture of all public incentives the company has received and what is the ROI on all public investments.
- The State ROI on just LEDA is in excess of 600% the ROI on all investments is 220%
- It is also important to note that LEDA is reimbursable money meaning the company must pay for the cost up front and be reimbursed by LEDA.
- Additionally, LEDA projects have milestones within the PPA that must be met before disbursement can be made so there is no upfront monies invested.



What is the Benefit? Examples

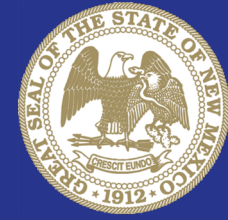
- Urban project over 6 years
- \$125,000 LEDA investment
- Total public fiscal impact \$943,290
- ROI 655%
- Rural project 5 years
- \$75,000 LEDA investment
- \$26,920 in other incentives
- Total public fiscal impact \$223,555
- ROI 119%



What is the Benefit? Examples

- Urban project over 5 years
- \$150,000 LEDA investment
- \$516,696 in other incentives
- Total public fiscal impact \$4,534,962
- ROI 580%
- Urban project over 4 years
- \$2,000,000 LEDA investment
- \$693,420 in other incentives
- Total public fiscal impact \$3,098,577
- ROI 15%

Questions



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