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FISCAL IMPACT REPORT

SPONSOR Stewart DATE TYPED 1/27/05 HJM 11

SHORT TITLE Study Effectiveness of Various Departments SB _____

ANALYST Rosen

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI		NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

No Responses Received From

- Taxation and Revenue Department (TRD)
- State Investment Council (SIC)
- Department of Finance and Administration (DFA)
- Economic Development Department (EDD)
- Labor Department (LD)
- New Mexico Municipal League (NMML)
- New Mexico Association of Counties (NMAC)

SUMMARY

Synopsis of Bill

House Joint Memorial 11 requests TRD and EDD convene a task force to study the effectiveness of the state's economic development incentives, designates representatives on the task force from TRD, EDD, DFA, LD, SIC, LFC, NMML, NMAC and a private sector development expert, defines the task force's duties and obligations, and directs the task force to report its findings to the governor, LFC, House Revenue Stabilization and Tax Policy Committee, and any other legislative committee charged with studying economic development before November 30, 2005.

Significant Issues

EDD and TRD have been unable to provide accurate analysis of the impact of existing and future

tax incentives, rebates and credits related to economic development. LFC budget recommendations for EDD in FY05 and FY06 included funding and authorization for EDD to add an economist to the agency to assist in this analysis. FY05 funding and authorization for an EDD economist was vetoed by the governor. EDD indicates FY06 funding and authorization for an EDD economist is not required until the results of this task force's study are complete.

PERFORMANCE IMPLICATIONS

This memorial creates a formal process and a finite time frame for legislative and executive agreement on key terms, measures and methodologies for accurately assessing the impact of existing and future economic development incentives.

FISCAL IMPLICATIONS

There is no fiscal impact associated with this memorial.

ADMINISTRATIVE IMPLICATIONS

While most task force members have economists on staff to provide necessary expertise to the task force, EDD does not have an economist on staff to assist the task force in its complex information gathering, modeling, and analysis work.

JR/yr