

A MEMORIAL

REQUESTING THE NEW MEXICO LEGISLATIVE COUNCIL TO REQUIRE THE INTERIM REVENUE STABILIZATION AND TAX POLICY COMMITTEE TO GATHER DATA REGARDING TAX INCENTIVES, SPECIAL DISTRICTS AND BONDING AUTHORIZATIONS FOR ECONOMIC DEVELOPMENT ACTIVITIES TO DETERMINE THE EFFECTIVENESS OF THESE TOOLS FOR ECONOMIC DEVELOPMENT IN NEW MEXICO.

WHEREAS, the legislature is asked each year to consider and adopt tax incentives, new forms of special districts, new bonding programs and additional sources of revenue to secure bonds for economic development; and

WHEREAS, over the years, the legislature has adopted economic development tools on a piecemeal basis without taking a broad look at all of the tax incentives, special districts and bonding authorizations already adopted or without seeking to coordinate the available economic development tools and to identify gaps in the tools offered; and

WHEREAS, a coherent determination of the success of the economic development tools available has so far failed to be achieved due to lack of adequate attention; and

WHEREAS, although the interim revenue stabilization and tax policy committee and the legislative finance committee have begun to review these issues, the data available still fall short of the information needed to provide legislators

with adequate understanding of the impact of tax incentives, special districts and bonding authorizations;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF NEW MEXICO that the New Mexico legislative council be requested to task the interim revenue stabilization and tax policy committee with:

A. reviewing and evaluating the fiscal impact of tax incentives, special districts and bonding authorizations that are designed to expand economic development on the state's and local governments' budgets;

B. determining the effectiveness in terms of job creation and expansion of local tax bases of tax incentives, special districts and bonding authorizations that are designed to expand economic development;

C. reviewing all the various legislative proposals introduced in the first session of the forty-ninth legislature to determine if the proposals duplicate existing law and ongoing economic development efforts;

D. determining whether the current tax incentives, special districts and bonding authorizations have been sound investments for the state or local governments;

E. assessing the tax incentives, special districts and bonding authorizations to determine if the current economic development tools encroach on the powers of existing governmental entities and whether these additional

subdivisions of the state could result in increased fiscal impact on taxpayers of the state;

F. identifying similar economic development tools used in other states and providing examples of successful and unsuccessful use of these tools; and

G. determining the appropriate role of public-private partnerships in economic development; and

BE IT FURTHER RESOLVED that expertise be sought from the legislative finance committee, the taxation and revenue department, the economic development department, the New Mexico association of counties, the New Mexico municipal league, the New Mexico tax research institute and any other source that can provide accurate information and unbiased analyses of the issues examined; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the co-chairs of the New Mexico legislative council, the director of the legislative council service, the director of the legislative finance committee, the New Mexico mortgage finance authority oversight committee, the secretary of taxation and revenue, the secretary of economic development, the director of the New Mexico association of counties, the director of the New Mexico municipal league and the director of the New Mexico tax research institute; and

BE IT FURTHER RESOLVED that a copy of the findings be provided to each member of the legislature.