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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13

SPONSOR Martinez, K./Papen LAST UPDATED _____ HJM 27

SHORT TITLE Legislative Council Jobs Council SB _____

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Joint Memorial 27 forms a jobs council to develop a strategic and comprehensive plan to create innovative job opportunities in new and emerging industries in the state. The council will consist of fifteen members, including the speaker of the house of representatives, the president pro tempore of the senate, the majority and minority leaders of each house of the legislature, or their designees; the chair of the relevant house of representatives standing committee that deals with business and industry issues; the chair of the relevant senate standing committee that deals with corporate issues; the presidents of New Mexico State University, the University of New Mexico, and the NM institute of Mining and Technology, or each president's designee; the president of Sandia National Laboratories, or the president's designee; the director of Los Alamos National Laboratory, or the director's designee; a representative from the Association of Commerce and Industry of New Mexico; and a representative from the New Mexico building and construction trades council.

The jobs council must report its findings and recommendations to the appropriate legislative interim committee by November 1, 2013.

FISCAL IMPLICATIONS

Each agency participating in the working group might need to make per diem and mileage payments to agency representatives attending meetings. It is unknown how many meetings will take place and what the total cost will be, but agencies anticipate minimal operating budget impacts.

SIGNIFICANT ISSUES

New Mexico offers significant competitive advantages to certain industries and businesses, particularly in the fields of renewable energy, film, tourism, aerospace, and technology. However, the New Mexico ranked 49 out of 50 states for poorest job growth in 2012, with a negative 0.4 percent growth rate. This represents a loss of 3,200 jobs. New Mexico is one of just three states that sustained job losses in 2012, and in the face of looming federal budget cuts the state has an urgent need for plans to turn around this trend of job losses.

The EDD provides the following analysis.

The Economic Development Department was created through statute (9-15-1 through 9-15-56) to do much of what is recommended in HJM 27.

9-15-2. Findings and purpose.

- A. The legislature finds that a need exists for economic diversification in the state in order to protect against dramatic changes in the state's economy and to increase revenues to help state government finance the various services it provides to the state's communities and citizens.
- B. The legislature further finds that the goal of economic development and diversification can best be accomplished by creating a cabinet-level department which will be concerned solely with the areas of economic development and diversification, business recruitment, expansion and retention.
- C. The purpose of the Economic Development Department Act is to create a cabinet-level department in order to:
 1. provide a coordinated statewide perspective with regard to economic development activities;
 2. provide a data base for local and regional economic development groups and serve as a comprehensive source of information and assistance to businesses wishing to locate or expand in New Mexico;
 3. actively encourage new economic enterprises to locate in New Mexico and assist existing businesses to expand;
 4. monitor the progress of state-supported economic development activities and prepare annual reports of such activities, their status and their impact;
 5. create and encourage methods designed to provide rapid economic diversification development that will create new employment opportunities for the citizens of the state, including the issuance of grants and loans to municipalities and counties for economic enhancement projects;
 6. provide for technology commercialization projects as an incentive to industry locating or expanding in the state;
 7. support technology transfer programs;
 8. promote New Mexico as a technology conference center;
 9. promote and market federal and state technology commercialization programs;
 10. develop and implement enhanced statewide procurement programs; and
 11. provide support and assistance in the creation and operation of development finance mechanisms such as business development corporations and the industrial and agricultural finance authorities in order to insure capital availability for business expansion and economic diversification.

Additionally, the same statute created an Economic Development Commission 9-15-12, which was created for and tasked with recommending policies and a five year economic development plan.

Commission; powers and duties.

The commission shall:

- A. develop and recommend policies and provide policy and program guidance for the department;
- B. review, modify and approve annual updates to the state's five-year economic development plan generated by the department;
- C. advise, assist and promote the department on matters relating to technology, technology-based new business development and technology commercialization projects;
- D. review federal technology-based programs requiring state matching funds and authorize any expenditure or pledge of the state match fund for such programs; and
- E. establish such rules and regulations for its own operations as are necessary to achieve the purposes of the Economic Development Department Act. Rules and regulations of the commission shall be adopted in the same procedural manner as rules and regulations of the department are adopted and shall be filed in accordance with the State Rules Act.

However, while the Economic Development Commission is statutorily required to meet quarterly and to invite representatives of legislative committees, the commission met for the first time in approximately two years on December 17, 2012. This left the state without an updated economic development plan during a time of significant economic change.

OTHER SUBSTANTIVE ISSUES

The agency responsible for job creation, the Economic Development Department, has a mandate to create a comprehensive plan similar to the one required in this bill. The EDD reports it began that process when it held the New Century Job Summit in October. Additionally, the New Mexico associations of regional councils will also create a statewide comprehensive economic development strategy.

ALTERNATIVES

Rather than creating a council which would prepare another comprehensive plan, the EDD recommends partnering with the entities which are already completing such plans.

AMENDMENTS

The EDD requests inclusion of its agency as part of the jobs council.

JC/svb