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FISCAL IMPACT REPORT

SPONSOR Martinez, K. **ORIGINAL DATE** 02/04/15
LAST UPDATED _____ **HB** 313
SHORT TITLE Economic Development Grant Fund **SB** _____
ANALYST Clark

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$4,500.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 167

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 313 appropriates \$4.5 million from the general fund to the economic development grant fund for expenditure in fiscal years 2016 through 2018 to implement the provisions of the Economic Development Grant Act. The bill requires the Economic Development Department (EDD) to report to the appropriate interim legislative committee on the grant program.

FISCAL IMPLICATIONS

The appropriation of \$4.5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2018 shall revert to the general fund.

SIGNIFICANT ISSUES

The Economic Development Grant Act was signed into law in 2014 but without an appropriation to the newly created grant fund. The act created the economic development grant program within EDD to be overseen by the Economic Development Commission. The purpose of the act

is to provide matching grants to local and regional economic development agencies to hire economic development professionals to enhance local economic development and job creation. The act requires the commission to:

1. establish and publish deadlines and guidelines for the submission of grant applications;
2. develop procedures for receipt, review, and approval of grant applications;
3. receive, review, and approve grant applications;
4. award grants to local and regional economic development agencies for up to 50 percent of the cost to the agencies to hire economic development professionals; and
5. monitor local and regional economic development agencies' use of grant money by reviewing annual reports submitted by those agencies to the commission.

The act also established basic requirements for applications for funding through the grant program and reporting requirements for local or regional economic development agencies that receive funding.

Many communities throughout New Mexico, particularly rural communities, do not employ someone tasked with promoting economic development by assisting new businesses, working to retain and grow existing businesses, or recruiting new businesses. EDD has a community, business, and rural development team that provides assistance to and coordination of many of these communities. The appropriation contained in this bill could provide substantial, direct assistance for communities; however, the Economic Development Commission would need to maintain significant oversight and develop additional guidelines for funding applications and reporting requirements if any statewide coordination of effort were to be possible for the positions funded by grants made possible by this appropriation.

PERFORMANCE IMPLICATIONS

EDD notes the Economic Development Grant Act mandates the following performance reporting requirements. During the time that one or more economic development professionals are employed by a local or regional economic development agency using grant money, the agency shall report annually to the commission. A report shall include:

1. the name, dates of employment, and professional credentials of each economic development professional employed by the local or regional economic development agency using grant money; and
2. detailed information about each economic development professional's role and contributions to the local or regional economic development agency, including:
 - a. new jobs in the agency's local area or region or in the state that are attributable to the professional's efforts;
 - b. the number of cases that the professional completed;
 - c. the number of cases that the professional managed;
 - d. the number of job-creation leads generated by the professional; and
 - e. the number of job-creation projects sourced through the professional's marketing efforts.

ADMINISTRATIVE IMPLICATIONS

There would be a minimal administrative impact to EDD as it assists the commission in administering the grant program.

DUPLICATION

The bill duplicates SB 167.

TECHNICAL ISSUES

This bill conflicts with a provision of the Economic Development Grant Act, which states that money in the fund shall not revert to any other fund at the end of a fiscal year.

JC/bb