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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/17/15

**SPONSOR** Martinez, K./Papen      **LAST UPDATED** \_\_\_\_\_      **HB** 450

**SHORT TITLE** Solo-Worker Job Creation      **SB** \_\_\_\_\_

**ANALYST** Clark

### APPROPRIATION (dollars in thousands)

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	Unknown	Unknown		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB 530

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

House Bill 450 appropriates \$500 thousand from the general fund to the Economic Development Department (EDD) to implement provisions of the newly created solo-worker program. The program would provide matching funding to program agencies (certified business incubators, community colleges, or organizations whose purpose it is to create jobs and promote economic development). The funds would be to advance initiatives that:

- create opportunities for residents to become solo workers engaged in economic-base jobs;
- support the continued employment and business expansion of existing solo workers

engaged in economic-base jobs;

- recruit from outside of the state solo workers engaged in economic-base jobs; and
- make the state and its local communities more competitive for creating, attracting and retaining solo-worker jobs.

The bill defines “economic-base job” as a job in which 60 percent or more of the revenue generated from the goods or services produced derives from outside of the state and defines "solo-worker" as a person who is engaged in full-time employment and whose employer, if any, does not supply the office space or amenities used to perform the person's work.

### **FISCAL IMPLICATIONS**

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund.

There is no direct impact on revenues; however, the appropriation contained in this bill could assist economic development efforts, which in turn could result in increased job creation. This potential economic growth would presumably result in a larger tax base.

### **SIGNIFICANT ISSUES**

This bill could support the continued employment and business expansion of existing solo-workers engaged in economic-base jobs, recruit solo workers from outside the state, and make the state and its local communities more competitive in creating, attracting, and retaining solo-worker jobs.

EDD would administer the solo-worker program as a grant program and would have to create an application process, guidelines, goals, objectives, and measurable outcomes. Currently, there are six certified incubators (five active) that could apply for the funds, along with 23 community colleges. Other qualifying entities may include non-profit 501(c)3 economic development organizations, chambers of commerce, municipalities, counties, tribal entities, etc.

### **PERFORMANCE IMPLICATIONS**

EDD’s performance measures and targets include the total number of jobs created, and this program and appropriation would likely increase the result for this performance measure.

### **ADMINISTRATIVE IMPLICATIONS**

There would be a minimal administrative impact. The agency currently administers grant programs but not for this exact purpose.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill duplicates SB 530.

**OTHER SUBSTANTIVE ISSUES**

During the interim Jobs Council discussions on a solo-worker program, economic development consultant Mark Lautman stated that the affected sector – solo or independent workers – is one of the most neglected economic-base sectors. Workers in this sector work out of their garages or homes or use a mobile platform. Transactions in this sector are singular; one transaction creates one job. In order to create these jobs, unemployed New Mexicans need to be converted into solo-workers. A project like this needs to be piloted, and assistance could come from the small business development centers, MainStreet programs and other local efforts. A member of the council remarked that he recently spoke with solo-worker lobbyists at a conference, and they reported to him that they would consider moving to an area like Albuquerque if it offered entertainment or activities for their non-working hours.

JC/je