

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

**ORIGINAL DATE** 1/19/16  
**LAST UPDATED** 2/9/16     **HB** 139/aHGEIC

**SPONSOR** Garcia Richard

**SHORT TITLE** Local Economic Development Act Projects     **SB** \_\_\_\_\_

**ANALYST** Clark

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>			No Fiscal Impact			

Parenthesis ( ) indicate expenditure decreases

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)

### SUMMARY

#### Synopsis of HGEIC Amendment

The House Government, Elections & Indian Affairs Committee Amendment to HB 139 clarifies the source of the population estimate must be from the most recent federal decennial census and increases the maximum size of municipalities that may use this expanded use of Local Economic Development Act funding from 25 thousand to 35 thousand in population.

#### Synopsis of Original Bill

House Bill 139 changes the Local Economic Development Act (LEDA) to expand the definition of retail businesses that may receive funding through LEDA from municipalities with a population of 10 thousand or less to also include municipalities with a population between 10 thousand and 25 thousand if the economic development project is not funded or financed with state revenues.

### FISCAL IMPLICATIONS

There is no fiscal impact because the bill excludes state funding from the newly allowable projects.

**SIGNIFICANT ISSUES**

The bill allows mid-size communities to use local funding through LEDA for retail projects. Retail expansion is often a key part of economic development for small and midsize communities and can expand the economic base for the community by providing more options for spending money locally, thereby decreasing leakage of residents' incomes to the rest of the state or country.

However, retail projects often do not qualify as economic base businesses for the state as a whole, because they typically do not draw in additional revenues from outside the state. Because of this, opponents of allowing LEDA funds for retail projects report the projects would use funds that could otherwise be used for projects that expand the economic base of the state.

By removing the ability to use state funds for these projects, this bill creates a compromise that makes it entirely a local decision of whether to fund projects with local LEDA funding that may expand the economic base of the municipality.

JC/jo/jle/jo/jle