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## FISCAL IMPACT REPORT

SPONSOR Steinborn ORIGINAL DATE \_\_\_\_\_  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study Office of Outdoor Recreation SM 119

ANALYST Martinez

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

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		(\$25.0)	(\$25.0)	(\$50.0)	Recurring	Economic Development Operations Fund
<b>Total</b>		(\$25.0)	(\$25.0)	(\$50.0)	Recurring	Tourism Operations Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

The Economic Development Department

The Tourism Department

### SUMMARY

#### Synopsis of Bill

Senate Memorial 119 describes current outdoor recreation industry revenue generation in New Mexico, Utah and Colorado. SM119 requests the Tourism Department and the Economic Development Department study the cost and financial impact of creating a state office of outdoor recreation in New Mexico. Additionally, SM119 requests this study to include the cost and financial impact of recruiting outdoor recreation products and service industries to New Mexico.

### FISCAL IMPLICATIONS

The majority of the cost associated with this bill would be in establishing an office devoted solely to recruiting this industry. This cost is indeterminate at this time. There are currently at least three proposals before the legislature to consolidate state government an approximate cost-estimation of \$50,000 would be needed to conduct the study, inclusive of staff time from both the Tourism Department and the Economic Development Department (EDD).

## **SIGNIFICANT ISSUES**

The Economic Development Department provided the following significant issues:

EDD and the New Mexico Partnership (NMP) have identified target industry sectors to focus a great deal of our marketing resources. Outdoor recreation products are already among these industries. Others include logistics, food processing, aerospace/aviation, advanced manufacturing, back office operations and energy. These were identified based on the state's specific assets which make New Mexico a good destination for these types of businesses. The state has enjoyed significant successes in each area. In addition, the NMP annually evaluates its marketing program with regard to targeted sectors. Several years ago the outdoor recreation sector was added at the request of several communities that identified this sector as having significant economic potential. The Partnership has attended trade shows specific to this industry for several years now.

With substantial successes in target industry sectors such as aviation (Dean Baldwin, CSI Aviation, Neptune Aviation, Stewart Industries, AeroJet, Aircraft Technical Support, AerSale, Bendix King), back office operations (Safelite, PreCheck, Medicus Billing & Consulting, Fidelity Employer Services, Lowes), and advanced manufacturing (Skorpios Technologies, MCS, Keter Plastics, Kinesio, STAR Cryoelectronics), it may not be the most efficient use of resources to open an office devoted to a single target sector, which could cause fragmentation in messaging and recruitment efforts in addition to foregone efficiencies and synergies.

Since the NMP is already actively courting the industry, it may be more beneficial to add to their current resources so that they can increase their efforts to target this sector even more aggressively.

The EDD, and the NMP, do interface and collaborate with the NM Tourism Department and other state agencies to identify economic development opportunities.

The New Mexico Tourism Department provided the following significant issues:

The outdoor recreation industry is growing nationwide. A 2014 report by the United States Forest Service shows that year-over-year growth has increased both in the number of adults participating in outdoor recreation activities and the numbers of day's people spend engaging in those activities. The report also projects these numbers to increase substantially in the coming years. Increasing focus on outdoor recreation in New Mexico would appear to be worth investigating further. The tourism department also recognizes the importance of outdoor recreation to New Mexico's appeal to visitors. This bill would duplicate efforts already underway.

## **ADMINISTRATIVE IMPLICATIONS**

Staff time and resources will need to be allocated to the study, from both the Tourism Department and the Economic Development Department. Additional data collection and analysis, in addition to the data analyses already performed by the tourism department, may need to be conducted.

**TECHNICAL ISSUES**

In a third-party research report commissioned by the Tourism Department, total direct visitor spending in 2015 in New Mexico was six billion two hundred ninety four million (\$6,294,000,000), of which recreation accounted for seven hundred eighty one million nine hundred thousand (\$781,900,000). This is contradictory to the statement on p. 1, lines 21-23, which attributes six billion one hundred million (\$6,100,000,000) in consumer spending in New Mexico to the outdoor recreation industry alone.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The New Mexico Partnership will continue to target this sector in their marketing efforts.

JM/al