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FISCAL IMPACT REPORT

SPONSOR Padilla ORIGINAL DATE 1/24/19
 LAST UPDATED _____ HB _____

SHORT TITLE Market NM to Retirees SB 35

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

SB35 provides an appropriation of \$1 million to the Economic Development Department (EDD) for the purpose of creating and implementing a marketing campaign targeted at retirees in order to attract them to New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

If EDD determines that most of the work can be done within the agency, it may increase operating budget needs as EDD is currently fully staffed and does not have any vacancy savings. If the \$1 million is appropriated to the agency, some of the funding would need to be used to support one FTE to work on this initiative.

EDD submitted the following:

Fiscal impact to EDD depends on whether the work for this initiative will be done in house or contracted outside the agency.

SIGNIFICANT ISSUES

The Economic Development Department has multiple marketing and promotion consultants as well as their largest contract with the New Mexico Partnership for most of its marketing needs. However, these contracts are primarily focused on marketing New Mexico to businesses seeking relocation and potential expansion opportunities. The Economic Development Department can potentially include information material on retirement in New Mexico while recruiting potential businesses to the state. However, this may be more appropriate for the New Mexico Tourism Department as they have collected data and research on the retirement community.

EDD submitted the following:

In FY2019, New Mexico State University, is under contract with EDD to conduct research and compile data on the potential for attracting retirees to the state. This work should provide a good basis for further development of a marketing campaign.

There are many media sources that provide information and rankings on places to retire, including AARP, Kiplinger, Forbes and more. Typical amenities used to rank retirement locales include cost of living, healthcare quality and availability, climate, public transportation, continuing education and tax climate. New Mexico can tout many of these amenities, but is one of only 12 states that taxes social security.

PERFORMANCE IMPLICATIONS

A marketing campaign to attract retirees to New Mexico is outside EDD's current performance metrics. Appropriate metrics will be developed if the funding is received.

ADMINISTRATIVE IMPLICATIONS

There will be staffing impacts to EDD, depending on how much work is accomplished in-house versus that contracted outside the agency. If EDD determines that most of the work can be done within the agency, it may increase operating budget needs as EDD is currently fully staffed and does not have any vacancy savings. If the \$1 million is appropriated to the agency, some of the funding would need to be used to support one FTE to work on this initiative.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Economic Development Department will not undertake a specialized campaign to attract retirees to New Mexico.

However, the Tourism Department can continue to focus on attracting people of all ages to New Mexico. The New Mexico True marketing brand as it exists is currently making New Mexico a more attractive place to retire. The Tourism Department's operating budget request for FY20 is an increase of \$6 million for marketing and promotion. These funds could potentially be used for this initiative.

JM/al