

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1.30.25 *Check all that apply:*
Bill Number: HB277 Original Correction
 Amendment Substitute

Sponsor: Linda Serrato **Agency Name** Economic Development
Short Title: Local Economic Development Act to include Child Car Facilities **and Code** Department
Number: 41900 **Person Writing** Jennifer Myers
Phone: 505-660-5371 **Email** Jennifer.myers@edd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 227 amends the Local Economic Development Act (LEDA) to expand the definition of "qualifying entities" eligible for economic development support to include child care facility, including both family-home-based and center-based programs, licensed by the early childhood education and care department to provide care to infants, toddlers and children facilities. HB 227 alters the types of businesses eligible for public support and broadens the scope of economic development initiatives. The bill maintains provisions for public support, such as grants, loans, and infrastructure improvements to assist qualifying entities.

FISCAL IMPLICATIONS

Regardless of the expanded scope, the legislature's current recommended budget proposal does not include additional funding for LEDA.

SIGNIFICANT ISSUES

The intent of LEDA is to support economic-base economic development projects and is based on the core economic development concept of growing the economic-base to create and foster economic diversity and wealth in a community. Economic-base companies are those that export at least 50% of their product or services to a client-base located outside of the state, thereby infusing the economy with new money rather than recycling money that already exists within the economy, such as with retail industry. The best example of economic-base industry is manufacturing. Traditionally and historically, childcare facilities are not considered an economic-base industry. Supporting economic-base industry results in capital investment, sales from a client-base outside the state, and new jobs, which all contribute to the tax-base. This increased economic activity then fuels growth in the other non-economic base sectors such as retail, hospitality, and healthcare.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

HB 227 will require additional resources for the Economic Development Department to review, process, and track a wider range of economic development projects. This increase in workload may lead to higher personnel costs for managing new project approvals and compliance reporting. The total financial impact on state and local governments will depend on how many new projects seek support and the scale of financial assistance required and will exhaust the funding more quickly. As more entities become eligible for public support, the fund may face higher utilization, requiring quicker replenishment or additional appropriations to sustain the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS