

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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(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: 2/21/25 *Check all that apply:*
Bill Number: HB564 Original Correction
 Amendment Substitute

<p>Sponsor: <u>Representatives Mark B. Murphy, John Block, Rod Montoya and Jonathan A Henry</u></p> <p>Short Title: <u>NEW MEXICO-IRELAND TRADE COMMISSION</u></p>	<p>Agency Name and Code: <u>Economic Development Department</u></p> <p>Number: <u>41900</u></p> <p>Person Writing: <u>Sara Gutierrez</u></p> <p>Phone: <u>505-231-4224</u> Email: <u>Sara.gutierrez@edd.nm.gov</u></p>
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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 564 enacts the creation of the New Mexico-Ireland trade commission (commission) whose mission is to:

- advance bilateral trade and investment between New Mexico and Ireland in the technology, agricultural, and energy sectors
- initiate joint action on policy issues of mutual interest between New Mexico and Ireland
- promote business and academic exchanges between New Mexico and Ireland
- encourage mutual economic support between New Mexico and Ireland
- encourage mutual investment in the infrastructure of New Mexico and Ireland
- provide an annual report on the commission's findings, results, and recommendations to the governor, the New Mexico legislature leadership, and the secretary of the economic development department (EDD), beginning on or before December 1, 2026.

Per House Bill 564 the commission is:

- administratively attached to EDD
- comprised of 17 members, 16 of whom have knowledge of or involvement in organizations that promote Irish affairs or have interest in the well-being of trade relations between New Mexico and Ireland:
 - 3 appointed by the president pro tempore of the senate
 - 2 appointed by the minority floor leader of the senate
 - 3 appointed by the speaker of the house of representatives
 - 2 appointed by the minority floor leader of the house of representatives
 - 6 appointed by the governor
 - 1 from a higher education institution
 - 1 from an Indian nation, tribe, or pueblo
 - 1 who is involved with a New Mexico agricultural business
 - 1 who is involved with a New Mexico oil or gas energy business
 - 2 members of the public who represent Irish-American communities or interests in New Mexico and are of different political parties
 - The membership term of the 6 commission members appointed by the governor is 4 years.
 - The 17th member of the commission is the director of the International Trade Division of EDD.
 - Appointments are to be made within 90 days following the effective date of the enactment of HB564 and vacancies are to be filled in the same manner of the initial appointment.

HB564 provides for per diem and mileage reimbursement for commission members who are not public employees and prohibits commission members from receiving any other compensation.

The commission may accept gifts, grants, donations, money from fundraising activities, bequests

and other forms of voluntary contributions to carry out the purposes of the commission.

The commission is tasked with electing a chair and vice-chair, holding at least one meeting a year at the call of the chair, and hiring professional and administrative staff as necessary to carry out the purpose of the commission.

FISCAL IMPLICATIONS

HB564 does not include an appropriation.

Section 1.F.(3) states that the commission shall hire professional and administrative staff as necessary to carry out the purpose of the commission. However, the bill does not make an appropriation to the commission for the purpose of hiring professional and administrative staff.

HB564 states that the commission is administratively attached to EDD. Administratively attached means a state agency (the commission) that is linked to a state department (EDD). The agency is attached for the purpose of sharing support services and reporting. If the commission receives an appropriation or raises funds to hire professional and administrative staff to carry out the purposes of the commission, then the EDD administrative services division would be required to provide administrative support related to finance, budget, and IT and the office of the secretary would be required to provide administrative support related to human resources and reporting to the commission's professional and administrative staff. This would require funding in EDD's budget for at least one additional FTE in the administrative services division and two additional FTEs in the office of the secretary under human resources and marketing.

In order to meet the intent of HB564 as it relates to EDD's participation on the commission, EDD would require at least one additional FTE with experience and expertise in international trade to serve as EDD's commission member.

SIGNIFICANT ISSUES

From an economic development perspective, the goal of international trade is to increase exports of New Mexico products and foreign direct investment into the state while developing strong ties and relationships within the respective target markets. Identification of those target markets is key in determining where to direct time and resources. According to an analysis of New Mexico's competitiveness in attracting foreign direct investment conducted earlier in the fiscal year by OCO Global and in collaboration with EDD and the City of Albuquerque Economic Development, Germany and Canada were the top markets for investment attraction opportunities in the energy and natural resources, emerging technologies, and value-added agriculture sectors overall, with Taiwan and Mexico coming in second for the emerging technologies and value-added agriculture sectors respectively. While the United Kingdom ranked 4th in the energy and natural resources sector, it was not among the highest opportunities to attract foreign direct investment, nor did Ireland appear in the top 10 markets for foreign direct investment opportunities.

Over the past three years, Ireland's share of total trade with New Mexico has remained below 1 percent, except for imports in 2024. Last year there was a hike in imports of electrical machinery that represented 99 percent of total imports. This substantial expansion in trade activity is likely an isolated case, tied to Intel's presence in NM and its efforts to get ahead of the shift in tariffs that is happening under the current US federal administration. There is no other company in New Mexico that could move the needle in such a way in such a short timeframe.

There is very little justification based on the numbers compared to other markets to direct limited resources toward Ireland alone. To reiterate, EDD's focus is exports, not imports.

Section 1.B. (1) and (2) note that membership of the commission members appointed by the New Mexico legislature leadership shall only be for the term of the legislative session during which the members are appointed. This implies that these appointments would be made and served within the same legislative session and that new appointments would be made every legislative session. The New Mexico legislature holds 60-day sessions in odd-numbered years and 30-day sessions in even-numbered years. It would be impossible for legislators to make these appointments at the outset of every legislative session, and for the appointees to have enough time within a 60 or 30-day session to make any significant contribution to the commission's work.

Furthermore, Section 1.C. states that appointments shall be made no later than ninety days following the effective date of the enactment of HB564, and further states that vacancies shall be filled in the same manner as the initial appointments. The placement of this item within the bill seems to apply to all appointments, which would contradict the term of service related to the 10 commission members appointed by the New Mexico legislative leadership in Section 1.B.(1) and (2). It's possible that Section 1.C. is intended to apply only to the 6 governor-appointed commission members.

Section 1.B.(3) notes that the 6 governor-appointed commission members serve 4-year terms. However, the appointments are not staggered, which could be detrimental to the commission's ability to function efficiently and to a smooth transition as the commission members age out and new members are appointed. All institutional knowledge of the commission's work would potentially be lost.

The bill identifies the one non-appointed commission member as the director of the division of international trade of the economic development department, or the director's designee. EDD's international trade division was defunded in 2010 and no longer exists within EDD's organization, except by statute. EDD maintained one FTE in the office of international trade within the economic development division until 2020. The economic development division currently collaborates with various external partners to provide export assistance to New Mexico companies and the director of the economic development division works directly with the cabinet secretary and the Governor's office to attract foreign direct investment to the state. In order to meet the intent of HB564 and serve the commission to the best of its ability, EDD would require at least one additional FTE with experience and expertise in international trade.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

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