

FOSTERING ECONOMIC GROWTH & DIVERSIFICATION

Deputy Secretary Barbara Brazil

May 18, 2017



WHAT IS ECONOMIC DEVELOPMENT?

- Job Creation
- Wealth Creation
- Increased Tax Revenues & Tax Base

HOW IS IT ACCOMPLISHED?



Recruitment
Expansions
Start-ups



- Competitive Tax & Regulatory Policy
- Available Buildings & Land
- Skilled Workforce

OUR PROGRAMS

- Job Training Incentive Program
- Community, Business & Rural Development Team
 - LEADS
 - Rural Council
- MainStreet
 - Historic Theaters Initiative
 - Frontier Communities
- Arts & Cultural Districts
- State Data Center
- International Trade
- Finance Development
 - LEDA
 - New Markets Tax Credits
 - FUNDIT
- Office of Science & Technology
 - Technology Research Collaborative
 - Catalyst Fund
 - Defense Industry Diversification Program

JTIP BUILDS THE WORKFORCE

Thus far this year –

- 1,408 workers trained
- 36 companies assisted
- Average wage of \$18.36

Retention Data (One Year Out)

- 89% still employed in NM
- 82% increased their average wage
- 73% were still with business
- 61% increased their wages > 10%

Source: Department of Workforce Solutions Analysis.
FY15 Analysis for FY14 Trainees.

- For FY 17, JTIP increased minimum wage entry levels - urban areas from \$9.00 to \$11.00 & rural areas from \$8.00 to \$9.50
- Added an intern program to encourage hiring college students
- Job creation in a federally designated colonias may be eligible for 75% wage reimbursement
- Compliance and Protection Measures
 - Post-performance audit and payment
 - Must be compliant with CRS-1 and UI reporting

LEDA BUILDS THE BUSINESS INFRASTRUCTURE

Discretionary Fund Within the Executive Branch Uses Include Land, Building, Utility Infrastructure

- PreCheck – Otero County
- Preferred Produce – Luna County
- MCS Industries – Santa Teresa
- Solaro Energy – Socorro
- Ready Roast – Portales
- Skorpis Technologies – Albuquerque
- Southwest Cheese – Clovis
- Ideum – Corrales
- Safelite Solutions – Rio Rancho
- Facebook - Los Lunas
- Wildflower International – Santa Fe
- Due Diligence:
 - Financial Analysis of Company
 - ROI/Economic Impact
- Security Instrument/Collateral in the event of a claw-back scenario
- Public Process with Fiscal Agent
 - Most have 2, if not more, hearings
- Job Reporting (Quarterly/Semester)
- Annual Performance Review
- Post-project close-out EIA
- Phased Pay-outs at Milestones
- Two Reviews of Qualified Expenditures before disbursement

RECRUITING NEW BUSINESS IS A HIGHLY COMPETITIVE GAME

At right are the largest economic development incentive deals in the first quarter of 2017 – the overall average award per job was \$30,175

- Related Companies, NYC, \$177M
- Conner Strong & Buckelew, Camden, NJ, \$86.2M
- The Michaels Organization, Camden, \$79.3M
- NFI, Camden, \$79.3M
- Creative Planning, Overland Park, KS, \$44.75M
- Amazon, Hebron, KY, \$40M
- Wakefern Food Corp., Perth Amboy, NJ, \$39.27M
- NBTY, NYC, \$35M
- Project Copper, Colorado, \$34.4M
- Saab Defense & Security, East Syracuse, NY, \$30M

JTIP & LEDA ALLOW US TO COMPETE AGAINST **BIG STATES**

COMPANY	COMPETING STATE
Keter Plastics	Arizona & Nevada
Facebook	Utah
Safelite Solutions	Texas
PCM	Illinois & Quebec
Federal Express Ground	Texas
DHF Technical Products	California
CN Wire	Texas & California
Niagara Bottling	Utah & Colorado
Aircraft Technical Support	Florida

GROWING OUR OWN

BOTH JTIP & LEDA ASSIST MORE EXISTING BUSINESSES THAN NEW

Plenish & Vapour Organic Beauty, Taos

Plenish has been providing economic base jobs in Taos for 16 years. Vapour Beauty was started in 2010 and is fueling new growth for the company. This gradual, continuous growth has been supported every step of the way by JTIP. Plenish says,

“JTIP greatly improves retention and success of new trainees. This affords JTIP trainees the opportunities for promotion and higher wages.”

Ideum, Corrales

JTIP's customized training is perfect for Ideum, a manufacturer of multi-touch tables and walls. It has been exceptionally helpful to a privately-held company like Ideum. JTIP staff introduced the company to the LEDA. Now LEDA is funding an expansion that allows the company to expand its product line and market.

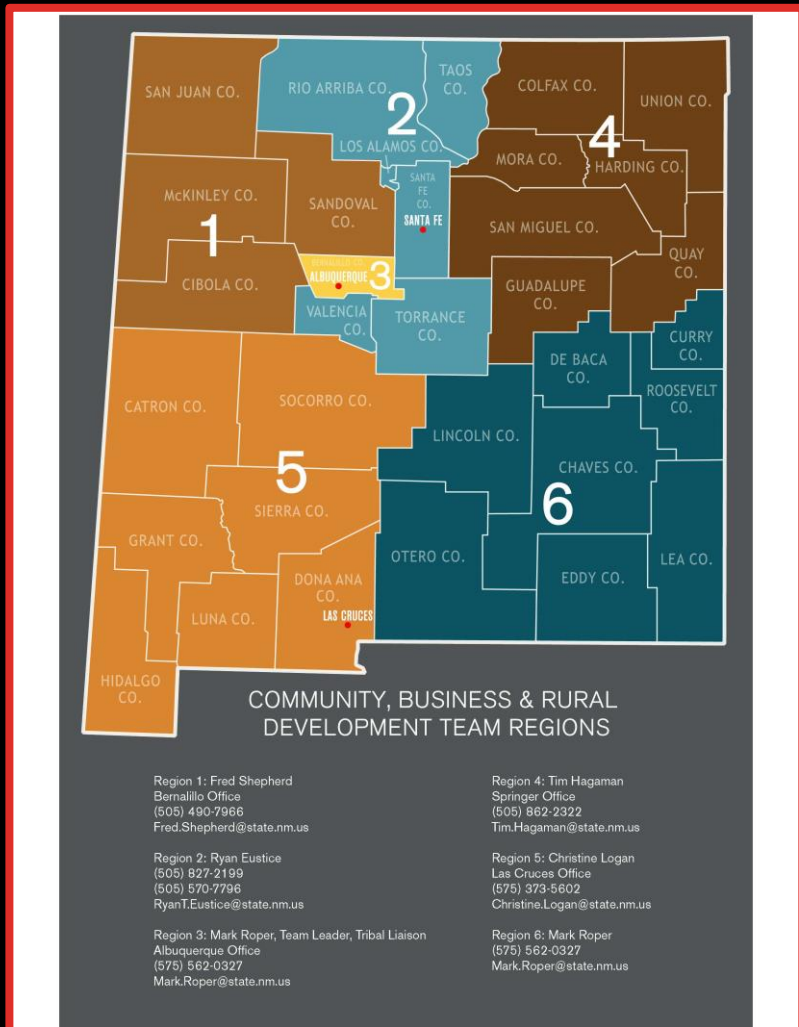
Solaro Energy, Socorro

Without JTIP we would be unable to hire unskilled workers with no experience. The customized training we developed with JTIP has allowed us to pay higher wages and provide benefits, and keeps Solaro employees safe on the job.

Compass Components

JTIP has been with us from the moment we settled in New Mexico is critical to job growth in areas where the workforce is shifting from industries with low skill requirements to advanced manufacturing.

COMMUNITY, BUSINESS & RURAL DEVELOPMENT TEAM



- Assist regional companies access JTIP, LEDA, FUNDIT and state incentives
- LEADS
- Conduct business retention & expansion visits
- Help communities pass LEDA ordinance and prepare for economic growth
- Facilitate infrastructure development
- Implement the objectives of EDD's Rural Council

Office of International Trade

- Helps New Mexico companies access new markets overseas

Office of Business Advocacy

- Managed by Community, Business & Rural Development Team

Business Resource Center (Website)

- Searchable database of business development resources

State Data Center

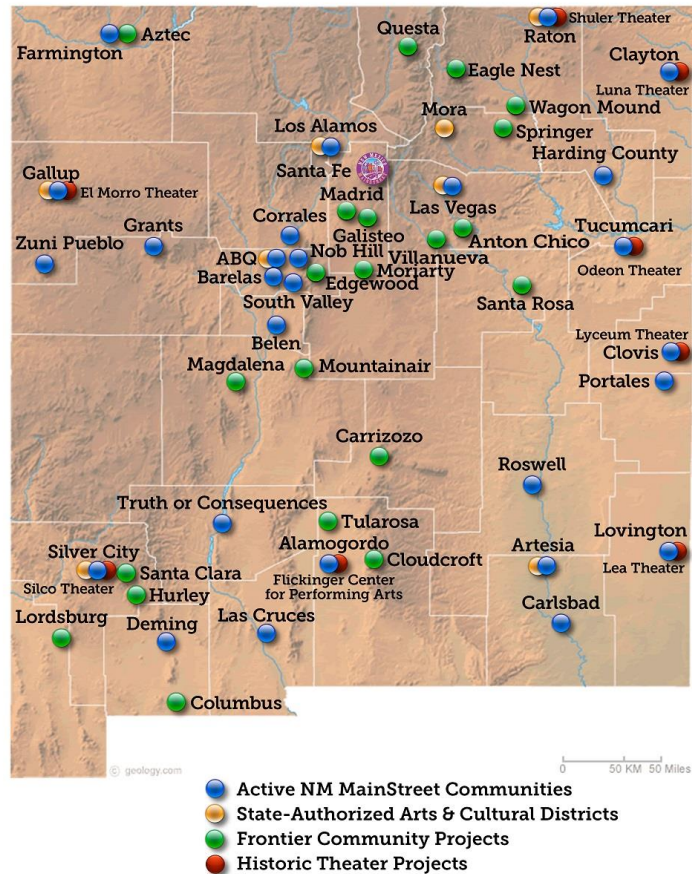
- Data products
- 50-State data comparison tool
- Searchable database of commercial real estate

OFFICE OF SCIENCE & TECHNOLOGY

- Mentoring and support
- Identify funding sources
- Prepare for pitches
- Solve problems
- Address economic development infrastructure gaps
- Access international markets via the STEP Grant
- Innovation Vouchers
 - Capped at \$2500
 - Limited to specific services
 - Must be affiliated with a certified business incubator or similar organization
- Catalyst Fund launched
 - \$20M Fund of Funds
 - Will announce first recipient company on May 22nd

New Mexico MainStreet Programs, Projects, and Initiatives

(As of July 2016)



MAINSTREET

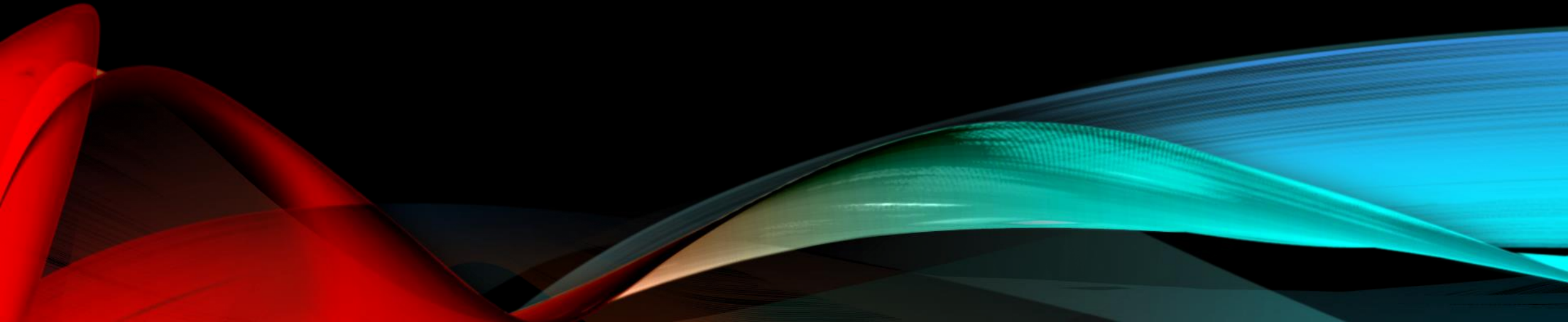
- Downtown commercial district revitalization
- Arts & Cultural Districts boost the creative economy
- Historic Theaters Initiative invests in new technologies (digital conversion) to make old movie houses viable again
- A 2013 study of the MainStreet program's impact found that every \$1 invested by the state has resulted in \$44 in investment by the private sector.

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=UP6KUYQEQJG&INDEX=1&LIST=UUEVKLFUULNL4R0VH6GSXZRQ](https://www.youtube.com/watch?v=UP6KUYQEQJG&index=1&list=UUEVKLFUULNL4R0VH6GSXZRQ)

MUNICIPAL
BENEFITS,
COSTS, &
NET
BENEFITS,
OVER THE
NEXT 10
YEARS
FROM
FY16
PROJECTS

	Amount
Gross Receipts Taxes	\$44,065,736
Real Property Taxes – Project	\$1,997,025
FF&E Property Taxes – Project	\$3,056,355
Property Taxes – New Residential	\$550,041
Utility Revenue	\$19,085,050
Utility Franchise Fees	\$1,224,480
Building Permits and Fees	\$10,880
Lodgers Taxes	\$486,221
Miscellaneous Taxes & User Fees	\$8,398,862
Subtotal Benefits	\$78,874,649
Cost of Providing Municipal Services	\$12,491,063
Cost of Providing Utility Services	\$19,657,602
Subtotal Costs	\$32,148,664
Net Benefits	\$46,725,985
Present Value (5% discount rate)	\$36,160,854

LEGISLATIVE RESULTS, PRIORITIES & MORE



WHAT PEOPLE SAID

- Albuquerque Journal: A topsy-turvy 60-day legislative session dedicated largely to New Mexico's state budget lumbered to a close
- Greater Albuquerque Chamber of Commerce's President Terri Cole: It was a long and very difficult session. It was acrimonious from the start.
- Senate Majority Leader Peter Wirth – In my opinion this has been an extremely productive session – in fact, one of the most....
- Representative Jason Harper: I still remain very hopeful. I don't think the sun is setting on New Mexico.

WIDE RANGING TOPICS

- 1,473 bills introduced
- Approximately 300 bills sent to the Governor for action
 - As of 3/22 59 bills were on her desk to sign and she had signed 26
- Several Constitutional Amendments will be on the ballot
 - State Ethics Commission
 - Other to deal with courts and to transfer state property
- Loads of Education, Public and Child Safety, Right to Work made its annual appearance, minimum wage bills abounded, marijuana and industrial hemp, telecommunications, taxes and economic development

EDD FY2018 BUDGET AND PROGRAM FUNDING

PASSED IN REGULAR SESSION

- \$7M for LEDA
- \$10M for JTIP (with up to \$1M for the Solo Worker Program)
- Agency budget remains flat (with post-SB 9 reductions)

Estimates – Subject to change

- \$1M for the New Mexico Partnership
- \$806,400 for MainStreet
- \$175,000 for LEADS
- \$92,500 for Certified Business Incubators

OTHER LEGISLATION PASSED IN THE REGULAR SESSION

HB 147 JTIP Residency Requirement Reduction

- Fiscal years 2018-2022
- Reduces the residency requirement to one day if certain salary thresholds are met:
 - \$60,000 for a job performed in, based in or within ten miles of the external boundaries of a municipality with a population (according to the most recent decennial census) of 60,000 or more; or if the job is based in a H class county (Los Alamos)
 - OR
 - \$40,000 for a job performed in or based in a municipality with a population of less than 60,000 or for a job performed in or based in the unincorporated areas, not within ten miles of the external boundaries of a municipality with a population of 60,000 or less; or a county other than an H class county

BROADBAND LEGISLATION

HB 60 LEDA FUNDING FOR BROADBAND

Amends LEDA to provide for broadband infrastructure development.
“Broadband telecommunications network facilities means the electronics, equipment, transmission facilities, fiber-optic cables and any other item directly related to a system capable of transmission of internet protocol or other formatted data at current federal communications commission minimum speed standard, all of which will be owned and used by a provider of internet access services.”

HB 113 STATEWIDE BROADBAND NETWORK

Requires that the State Chief Information Officer (CIO) establish and maintain a statewide broadband network primarily for public and higher education departments, political subdivisions, state universities and other educational institutions.

Indian Nations, Tribes and Pueblos may connect to the statewide broadband network in exchange for a right-of-way agreement with the CIO.

OTHERS

HM 29 NEW MEXICO COMPLETE STREETS

Recognizes and supports continued efforts for Complete Streets. Leadership team consists of more than 60 members. Policies, resolutions and ordinances have been passed in many communities, including Las Cruces, Santa Fe, Albuquerque and Farmington; and tribal communities such as the Pueblo of Laguna.

SB 478 BIOSCIENCE DEVELOPMENT ACT

Creates the New Mexico Bioscience Authority, a public-private partnership representing a collaborative among state government, research institutions, national labs and private industry. Administratively attached to UNM Health Sciences Center. BOD consists of (2) UNM Health Sciences Center; (2) NMSU; (1) NM Tech; Secretary of NMEDD; Executive Director of Spaceport; (6) members of the public with bioscience experience; (2) members appointed by the Governor with the advice and consent of the Senate; and (4) members appointed by the Legislative Council. Establishes the duties and responsibilities of the Authority. Establishes the Bioscience Development Fund (no appropriation made).

BILLS THAT DID NOT MAKE IT

- SB 425 – Enhanced Enterprise Zones – provides a no cost incentive to build infrastructure and hold harmless local government property tax revenues
- HB 366 – Clean up language for High Wage Tax Credit – Allow more flexibility for HC fluctuations and reduce time out period for noncompliance. Also brought back headquarters as eligible entities
- HB 128 – Investment in certain NM businesses – idea was to build the capital stack (seed and early stage funding) for start-up, tech transfer companies
- HB 25/SB 18 – Resident Business Set-aside Act – 1/3 to NM businesses
- HB 205 – Vacant Rural Building Act – would have allowed rehabilitating old buildings in rural NM by only requiring meet basic health, welfare and safety codes
- HB 275 – Public Private Partnership
- SB 415/488 – Local Government Regulation of Private Sector Employment (Jobs Council)

2017 SPECIAL SESSION

Governor Martinez' Proclamation

"...this special session is called for the purpose of considering and enacting legislation concerning the following..."

- A general appropriation act that provides specific funding for legislative agencies and institutions of higher education –
- Appropriate funds to offices left with a shortfall after the regular session
- Issue severance tax bonds and supplemental bonds to restore allotments from the general fund for capital project appropriations
- Fund a "Rainy day fund"
- Comprehensive tax reform as contained in HB 412
 - Broadens the gross receipts tax base
 - Provides relief from business to business tax pyramiding
 - Lowers the overall gross receipts tax rate

THANK YOU

www.GoNM.biz

