

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR <u>Borrego/Lujan</u>	LAST UPDATED _____
	ORIGINAL DATE <u>3/05/2024</u>
SHORT TITLE <u>Economic Development Planning Bureau</u>	BILL NUMBER <u>House Bill 492</u>
	ANALYST <u>Rodriguez</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
\$0.0	\$1,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EDD	\$0.0	\$129.0	\$129.0	\$258.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Related to Senate Bill 169, House Bill 448

Sources of Information

LFC Files

Agency Analysis Received From

Economic Development Department (EDD)

State Land Office (SLO)

New Mexico Environment Department (NMED)

New Mexico Mortgage Finance Authority (MFA)

New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 492

House Bill 492 (HB492) creates the Planning Bureau at the Economic Development Department (EDD) to address issues related to the state's growth and development and to help coordinate the state's use of land, facilities, and resources. The bill appropriates \$1 million from the general fund to EDD to staff the Planning Bureau.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

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 FY26 shall not revert to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

This analysis assumes the bureau would need at least 1 FTE to work with the necessary partners to complete the necessary deliverables. The additional operating cost estimate also includes funding for the necessary office and IT supplies for the 1 FTE.

SIGNIFICANT ISSUES

HB492 tasks the bureau to work with related state agencies, regional planning commissions, and regional housing authorities on a comprehensive plan that address future development in the state. The report should emphasize the linkages between jobs, housing, and transportation and the necessary collaboration and coordination between agencies and government entities. As noted by the New Mexico Mortgage Finance Authority, certain proposed responsibilities may overlap with current state agencies and may lead to duplication, inefficiencies, and delays.

The bill directs the bureau to collaborate with Indian tribes, nations, and pueblos on matters related to development and planning upon request of a tribe, nation, or pueblo. The State Land Office (SLO) suggests that proactive outreach Indian tribes, nations, and pueblos may be more appropriate.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB492 relates to Senate Bill 169 (SB169), which creates the Strategic Economic Development Site Readiness Act and the site readiness fund for the purpose of identifying, assessing, and preparing sites for business development. SB169 allows housing availability to be considered in site characterization studies.

The bill also relates to House Bill 448 (HB448), which creates the Office of Housing Planning and Production to reduce housing costs, increase statewide housing availability, maximize resources to address statewide housing need, address underlying factors that impact housing costs, grow local programs and capacity to address needs and further fair housing, identify state resources for housing, and track housing progress through goal setting and data. The office would be tasked with developing a statewide strategy to build collaborative partnerships among state agencies and local stakeholders in addressing housing and homelessness, aligning programs and identifying resources.

ALTERNATIVES

As noted by SLO, the bill does not include the SLO commissioner in the comprehensive plan preparation and update process. SLO notes that the office manages approximately 9 million surface acres of state trust land that provide jobs, substantial housing, and transportation

resources. Due to the land and resources, SLO argues that the office should be included as a collaborator of the bureau.

JR/r/SL2