The mission of Albuquerque Economic Development, Inc., is to strengthen the economy of the Albuquerque metropolitan area by recruiting new employers and assisting in the expansion of existing businesses, thereby providing jobs to New Mexicans and improving their standard of living.

AED, which represents nearly 400 employers in New Mexico, recognizes that the Legislature faces many challenges in crafting a state budget. However, AED encourages legislators to take the long view when setting budget priorities. Funding of economic development incentives is a long-term investment in New Mexico’s communities and people. That’s why AED urges legislators to continue supporting tools and programs that are designed to support business recruitment, business growth and job creation. Specifically, AED calls for continued support of the following programs that play a critical role in revitalizing and diversifying our state’s economy:

1. **Maintain funding for the Local Economic Development Act.**

LEDA, known as the job creation fund, is a key economic development tool. Companies often consider several states for a relocation or expansion, and the availability of LEDA funding can be a deciding factor. Companies that receive LEDA funding are required to spend the money on hard assets such as land, facilities, building renovations, and infrastructure that stay in the community. In addition, there are safeguards in place to protect LEDA money. In 2013, state lawmakers approved a bill that allows funds to be recovered if a company fails to live up to its projections of capital investment and job creation. These clawbacks protect taxpayer investment.

In FY2016, more than $15 million of LEDA funds were appropriated to 23 new and expanding employers in 12 counties. Together, these companies will create more than 2,400 jobs for New Mexicans and result in more than $60 million in annual payroll. In addition to increasing direct spending on goods and services, these jobs have a beneficial impact on the state’s economy through increased payroll taxes as well as contributing to community revitalization and growth.

For the past two years, New Mexico has marketed the availability of LEDA funding to qualified businesses looking to expand or locate to our state. Companies factor the possibility of LEDA funding when comparing New Mexico to other locations. It is important to note that the site selection process can take six to 24 months. Businesses want predictability, and if the availability of these closing funds becomes questionable, a company is likely to discount or remove the value of LEDA as part of its comparative analysis. Companies need to know that they can depend on New Mexico to keep the promises it has made throughout this process.

**AED’s recommendation:** Maintain the LEDA fund at $50 million and make the fund recurring and nonreverting. This level will help ensure adequate funding is in place for the existing and future economic development projects for which our state is competing. This level also will allow decisions about LEDA appropriations to be made quickly when companies are weighing offers from competing states. LEDA is a powerful tool, and we should not dilute its strength at a time when New Mexico needs to attract diverse businesses that will help grow our economy.
2. Maintain funding for the Job Training Incentive Program.

The Job Training Incentive Program is a highly flexible state program that provides partial reimbursement of on-the-job training expenses for qualified employees of qualified employers. JTIP strengthens New Mexico’s economy by providing financial incentives to companies that create new economic base jobs in the state. In addition, training funded by JTIP elevates the skill level of New Mexicans, making them more valuable employees. Since 1972, JTIP has supported the creation of more than 43,000 jobs for New Mexicans at nearly 1,300 businesses.

Because it is such a successful program, JTIP funding is in great demand by employers. The program received $6 million in funding from the State Legislature for the fiscal year that ends on June 30, 2017. However, the program has already run out of funding, which means businesses that are counting on JTIP assistance in January through June 2017 may not be able to obtain it unless supplemental funds are committed on an emergency basis. Such uncertainty makes it difficult for businesses to plan their operations and hiring.

**AED’s recommendation:** To meet the needs of employers expanding or entering into the state, AED urges the State Legislature to provide adequate, recurring funding for JTIP of at least $12 million per fiscal year. This level will ensure that sufficient funds are available for qualifying businesses with training needs for new employees. JTIP is a key recruitment tool that helps attract new employers to the state, and it also serves as an incentive for existing businesses to expand.

**Conclusion**

Companies and site selection consultants count on programs such as LEDA and JTIP when they make plans to locate to, or expand in, New Mexico. These programs represent promises. If those promises are broken, it will signal to expanding companies that New Mexico is not a reliable environment for business investment.

AED urges lawmakers to preserve and strengthen New Mexico’s economic development incentives. These critical tools will help diversify our economy, create jobs for our neighbors, and revitalize our communities.