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FISCAL IMPACT REPORT

SPONSOR Sanchez, M. **ORIGINAL DATE** 02/15/09
LAST UPDATED _____ **HB** _____
SHORT TITLE New Communities to New Mexico MainStreet Program **SB** 393
ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Tourism Department (TD)

SUMMARY

Synopsis of Bill

Senate Bill 393 appropriates two hundred fifty thousand dollars (\$250,000) from the general fund to the Economic Development Department (EDD) for operational expenses related to the addition of four communities to the New Mexico Main Street network.

FISCAL IMPLICATIONS

The appropriation of two hundred fifty thousand dollars (\$250,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

This bill would add \$250,000 to the current MainStreet technical assistance budget of \$825,000 at EDD. The New Mexico MainStreet Program also administers annual set-aside funding appropriated by the Legislature for the MainStreet from capital outlay funds.

SIGNIFICANT ISSUES

EDD provides technical assistance to MainStreet communities throughout the state, assisting communities with redeveloping and redesigning their downtown. Design of a downtown is the most fundamental step in revitalizing a community, defining a market niche for a community's commercial district, growing existing retail businesses and growing new businesses.

The state MainStreet Program director also serves as the state Coordinator for Arts and Cultural Districts. The arts and cultures of New Mexico are among the top reasons visitors come to the state. The Tourism Department supports and encourages collaboration among all state agencies to better promote New Mexico as a tourist destination. Thriving MainStreet communities only enhance opportunities to attract more visitors to the state.

New Mexico MainStreet Program provides technical assistance and resources to affiliated communities for economic development in downtowns. It does so through contract funding providing professional consulting to affiliated communities through its Four Point Approach™ to local capacity building in community economic development. There are currently 21 affiliated local community MainStreet Programs mostly in rural communities. The Program provides services to another 4 “Start Up” and 5 “Special Project” communities. There are 9 communities who have petitioned the EDD to be accepted into the program including Angel Fire, Belen, Capitan, Harding County, Eunice, Lordsburg, Nob Hill of Albuquerque, Truth or Consequences, Taos.

PERFORMANCE IMPLICATIONS

New Mexico MainStreet has had, over its 23-year history good performance outcomes in job creation and business development in its affiliated communities. In addition, it leverages with the state investment, significant private sector reinvestment and matching grants for each district from other agencies, foundations and philanthropic organizations. Communities admitted to the program set up a private/public sector partnership and a local 501c3 organization with the municipality and 501c3 responsible for funding the organization and a staff person in economic development.

Increased promotion of and focus on the arts and culture offerings in these MainStreet communities may result in increased visitation to and within New Mexico, a key measure of the Tourism Department performance.

ADMINISTRATIVE IMPLICATIONS

The program recently added an assistant director to help communities prepare to become admitted to the MainStreet program as funds for technical assistance to local affiliates are made available.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB391

Relates to the General Appropriations Act. HAFC has adopted the executive recommendation which reduced the funding associated with the recently added assistant director.

OTHER SUBSTANTIVE ISSUES

The program receives accreditation through the National Trust Main Street Center (NTMSC) that trademarks its revitalization process and the MainStreet name. There are currently 1300 local programs in 41 states across the country. NTMSC establishes benchmarks in funding and administration. It requires a minimum of the equivalent professional services of \$50,000 - \$90,000 per each new community added to the state program and a continuing state investment of the equivalent of \$30,000 for existing fully affiliated MainStreet communities.

The MainStreet program grew rapidly in funding and number of communities served from 2003 – 2007. It has had a flat contract budget for technical services to communities (required by NTMSC) for the past two years.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Less funding to beautify smaller New Mexico communities could result in possibly fewer visitors to and within New Mexico, especially in those communities.

DL/svb