

Senate Bill 9/aSPACaSCORC – Page 2

The Senate Public Affairs Committee amendments provide the DoIT with some flexibility regarding how the proposed portal is to be developed and how it ultimately functions.

For example, instead of requiring the creation of a “single internet” that provides businesses and their representatives with the “ability” to electronically conduct certain business transactions, new language allows DoIT to create a “centralized” website that provides “access or” the ability to electronically conduct certain business transactions.

Similarly, on pages 2 and 3, new language indicates that the portal shall, “facilitate or provide” the capability (instead of providing the capability outright) to perform a list of transactions and access to information.

These changes are necessary allow the state to take measured steps toward providing businesses with centralized access to the information and functionality they require while also being cognizant of the state’s existing infrastructure and allowing the state to better control the costs of implementing the proposed portal.

Synopsis of Original Bill

Senate Bill 9 directs DoIT to develop and maintain a web site that is free, user friendly, searchable and accessible to the public in order to conduct certain business transactions electronically. The site is required to provide a single point of entry that allows users to access taxation information, make taxation filings and payments, access workers’ compensation information and make related payments, complete and submit applications for licenses, registrations and permits and other documents issued by state agencies that are required for transaction of business in New Mexico, communicate with customer service representatives during regular business hours, and access the New Mexico Sunshine Portal.

The portal must be in service by July 1, 2017.

The SOS, Taxation and Revenue Department, Workforce Solutions Department, and RLD may promulgate rules to carry out the provisions of the One-Stop Business Portal Act. All state agencies must comply with the provisions of the act and any rules promulgated.

FISCAL IMPLICATIONS

The portal envisioned by this bill has the potential to make profound and beneficial impacts to businesses and the state; nevertheless, in the following fiscal analysis provided by DoIT, the conclusion is that the financial impact overall could range from “neutral to millions,” depending on the results of initial assessments, planning, and chosen solution path. True fiscal impact can be only be determined by a detailed assessment of systems and business processes as called for in this bill.

Currently, there are many web-based commerce services offered by various state agencies in New Mexico. Each agency’s service may have different authentication mechanisms, data sources, privacy processes or standards, requirements and other variables which would play an important part in the design, development, and fiscal impact of the proposed business portal.

A one-stop business portal could potentially reduce costs from an overall state level by condensing agency contracts for web-based services, increasing productivity, resource sharing

and enhancing business opportunities by streamlining access to information. There are many factors to consider in evaluating the true fiscal impact on the state as a whole and for individual agencies, such as the number of web-based and manual commerce services currently in operation, the cost to operate such services, the staff needed to support those services, and the proposed “architecture” (framework and set of guidelines to build a new system) for the business portal. Initial analyses of similar initiatives in other states have revealed a wide range of funding and implementation methodologies, ranging from cost-avoidance and shared-cost models to revenue-based to direct funding. As these funding paradigms are vastly different, it is hard to determine true financial impact.

To ensure the initiative’s success, a careful and thorough business process analysis must be undertaken. Data sources and current system inventories will drive the technological and governance solutions that are employed. Ultimately and presumably envisioned in the timeline proposed in the bill, a phased approach should be considered to ensure coordination and long term stability. An example, informed by best practices, would be:

- Year 1: Initial Planning and Assessment
 - Study, Inventory, and Assess current systems and business processes
 - Establish a governance and organizational framework
 - Coordinate a joint analysis of implementation of options
 - Engage stakeholders and the business community
- Year 2: Planning and Design; Initial Portal Deployment
 - Refine Business processes
 - Establish budget and time line
 - Deploy initial website
- Year 3: Wider Implementation and Transition to Operation and Maintenance

Depending on the funding paradigm and architecture chosen, the costs (particularly for years 2 and 3 could vary widely).

The bottom line is that financial impact overall could range from budget neutral to millions, depending on the results of initial assessments, planning, and chosen solution path.

SIGNIFICANT ISSUES

Economic development job creation are on the forefront of both executive and legislative policy objectives and identifying ways to attract and retain new businesses—making it easier to do business in New Mexico—is a necessary strategy towards that end. For example, New Mexico earned low grades in a small business friendliness survey for criteria such as ease of hiring, regulations, and licensing (*2012 & 2013 United States Small Business Friendliness Survey*).

At least 18 other states have implemented some version of a one-stop online portal intended to simplify and speed processing time and improve the climate for businesses. What is important to keep in mind, however, is that New Mexico’s existing business processes and information technology systems are unique, making it difficult to easily adopt another state’s approach. It is critical that New Mexico evaluate its current business processes and IT systems to determine how best to improve the climate for existing and potential new businesses.

For example, when Delaware began planning its one-stop business licensing initiative, it appears all of its licensing and registration processes were paper-based—Delaware agencies were

essentially in the same boat, possibly making it easier for them to “tear down old traditional departmental boundaries and work together as equal partners in a team for the benefit of Delaware’s business owners and citizens.”

Michigan, too, initiated its 2009 one-stop initiative early on, even stopping many “in-development” business solutions and re-directing resources towards a centralized solution. Michigan argues its approach was successful because it had a multi-agency governance and policy setting structure in place that help set priorities on what business projects were put on hold, what projects proceeded using a new infrastructure.

New Mexico continues to have many “departmental boundaries” including ongoing independent IT initiatives to improve services. For example, the Department of Workforce Solutions just completed a \$48 million dollar IT project that included employer self-service, unemployment insurance tax and claims and other functionalities, with an emphasis on “self-service” for claimants and employers. Similarly, the Office of the State Engineer, Secretary of State, Regulation Licensing Department and the Taxation and Revenue Department are among state agencies with ongoing IT initiatives to improve business processes and online services. As DoIT noted in its fiscal analysis, there are many factors to consider in evaluating the true fiscal impact on the state as a whole and for individual agencies.

The Secretary of State, the Taxation and Revenue Department, the Workforce Solutions Department, the Regulation and Licensing Department, and the Workers' Compensation Administration are called out in the bill. Additional agencies may become necessary participants, including the Health, Human Services, Transportation, Energy, Minerals, and Natural Resources, and Environment and certain boards and commissions associated with licenses, registrations and permits that are required for business transactions.

The Economic Development Department is another critical agency to include; in fact, the department notes that a “One-Stop-Shop” to serve businesses a top EDD priority and includes the goal of developing an easily-accessible and intuitive online road map for new small businesses to find the resources they need and mentor the businesses through the process of achieving sustainability.

PERFORMANCE IMPLICATIONS

DoIT notes that the portal envisioned by this bill has the potential to make profound and beneficial impacts to businesses. Many of the relevant performance implications, and return of investments, would be discovered during an initial analysis and planning phase. For example, a performance metric could be the number of entry points a business must traverse to complete certain action or time to complete. Also, and depending on the funding and implementation paradigm, measures for cost-avoidance, support and help-desk statistics, and staffing requirements could be considered.

ADMINISTRATIVE IMPLICATIONS

Administrative implications associated with this bill include establishing business process criteria necessary for communication between current business systems; technical, business and statutory requirements (if any) for each service offered; overall cohesive structure; an inventory of the current web-based commerce services available throughout the state; key personnel; and

staff identified and assigned by all respective parties not only for the initial development and ongoing maintenance of the business portal throughout the life of the portal.

OTHER SUBSTANTIVE ISSUES

Implementation costs could vary widely and cost estimates would become more refined during the initial assessment. Any solution could be at risk immediately if adequate implementation funding is not identified and a sustainable funding mechanism is not established in subsequent years.

The legislature could consider providing a one-time appropriation sufficient to allow DoIT to conduct and possibly contract for the critical initial planning and assessment for the portal as described in this analysis.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Business transactions will continue to be administered under the current disparate system which does not include a cohesive, strategic plan to ensure the most advantageous business friendly climate.

CB/svb:ds