

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

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/2020

SPONSOR Louis/Johnson LAST UPDATED _____ HB 262

SHORT TITLE Native Women's Business Institute SB _____

ANALYST Edwards

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$81.0	\$81.0	\$243.3	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Indian Affairs Department (IAD)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 262 appropriates \$200 thousand from the general fund to the Indian Affairs Department to support the creation and development of the first Native Women's Business Institute in New Mexico.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

The bill charges the Indian Affairs Department to administer the proposed funding. To best accommodate the increased workload and possible other increases in funding in the future, IAD would need an additional accountant position to assist in administering the funds, monitoring each project's progress, and assisting the tribes, nations, and pueblos in completing reporting procedures. The new position would cost the department \$81.1 thousand per year. The bill does not contain funding for the department to accommodate the increased workload the bill would create for IAD.

SIGNIFICANT ISSUES

IAD explains:

Native Americans continue to face many challenges when it comes to economic development. In 2012, about one-in-four Native Americans were living in poverty. In 2016, the unemployment rate of Native Americans nationwide was 12 percent. Additionally, Indian nations' economic activities are challenged by insufficient access to capital; capacity and capital constraints of small business, resource providers; insufficient workforce development; underdeveloped physical infrastructure; and severe lack of research and data, among other challenges.

In New Mexico, the 23 tribes, nations, and pueblos have made significant strides in their economic development, as they are undergoing an economic transformation. In lieu of transfer economies (or economies largely dependent on transfers of funds from federal and other sources), Indian nations are shifting to productive economies (or economies built on productive economic activity and the revenues it produces).

One primary initiative in this shift has been entrepreneurship. For example, in 2012, Native Americans owned 8,738 businesses, nearly 6 percent of all businesses in New Mexico, with sales totaling \$598.1 million (Census Bureau Survey of Business Owners, 2012). These businesses predominantly fell within the sectors of agriculture, construction, and business services sectors. But these numbers do not yet reflect the maximum impact by Native female entrepreneurship.

In 2016, two-thirds of all Native American women in the U.S. were the primary breadwinners in their families. In that same year, Native American women owned 1.4 percent of all women-owned businesses, employing 61.3 thousand workers and generating \$11 billion in revenue. Despite this, Native women continue to be underrepresented, underpaid, and under-supported in their professional aspirations, particularly in entrepreneurship. For example, Native Women in New Mexico are paid only 58 cents for every dollar paid to white, non-Hispanic men.

According to the Indian Business Corporation and the Business Development Bank of Canada's recent report, entrepreneurship represents a promising pathway for Indigenous women as it enriches their lives, strengthens their families, and uplifts their communities. Through gender-specific programming, entrepreneurship will be more accessible to Indigenous women.

In April 2019, Native Women Lead convened over 300 Native American women from across the Americas at the 2nd Annual Native Women's Business Summit. Held at the Isleta Pueblo

Resort and Casino, the Summit aimed to support Native American women businesses and entrepreneurs and featured technical training on developing business plans, accessing capital, financial literacy, branding, and pitching to investors.

The proposed Native Women Business Institute would be the first of its kind in New Mexico. Currently, the state does not provide Native women-specific economic development programming.

TE/al