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**FISCAL IMPACT REPORT**

SPONSOR:	Hobbs	DATE TYPED:	01/31/00	HB	114
SHORT TITLE:	NM Venture Capital Funds			SB	
				ANALYST:	Eaton

**REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		Indeterminate	Recurring	STPF

(Parenthesis ( ) Indicate Revenue Decreases)

Conflicts with Senate Bill 201

**SOURCES OF INFORMATION**

State Investment Council (SIC)

Legislative Finance Committee (LFC)

## **SUMMARY**

### Synopsis of Bill

This bill changes several provisions of section 7-27-5.15 NMSA. The bill raises the maximum percentage of the Severance Tax Permanent Fund portfolio that may be invested in New Mexico venture capital funds from 1% to 3%. The bill raises the maximum investment that may be made in a single New Mexico venture capital fund from \$7.5 million to \$15 million as well as raising the minimum size of a venture capital fund from \$5 million to \$15 million.

### Significant Issues

This bill would increase the authorized investment in New Mexico venture capital funds from approximately \$40 million under the current law to approximately \$120 million.

At the meeting of the State Investment Council January 25, 2000, it was reported that to date, only \$25.7 million of the \$40 million authorized has been committed for investment in the New Mexico program and only \$12.5 million of the \$25.7 million has actually been drawn down. It was further reported at the meeting that one of the New Mexico venture capital funds, Colorado Venture Management, may not have a full-time employee present in New Mexico as required under the New Mexico venture capital program. Colorado Venture Management has for some time been authorized to invest \$5 million. As of January 25, 2000 Colorado Venture Management had yet to actually invest any of that amount.

## **FISCAL IMPLICATIONS**

Indeterminate.

## **ADMINISTRATIVE IMPLICATIONS**

No impact in the short term. May require additional staff in future years as the program size increases.

## **CONFLICT**

Senate Bill 201 would decrease the percentage of investment in the New Mexico program from 1% to 3/4%.

JE/njw