

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

## F I S C A L I M P A C T R E P O R T



SPONSOR: Garcia DATE TYPED: 01/22/02 HB \_\_\_\_\_

SHORT TITLE: Border Development Trade Offices SB 13

ANALYST: Woodlee

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$150.0			Recurring	General Fund

Relates to Appropriation in The General Appropriation Act

### **SOURCES OF INFORMATION**

Economic Development Department (EDD)

### **SUMMARY**

#### Synopsis of Bill

Senate Bill 13 appropriates \$150.0 from the general fund to the Economic Development Department to support border development trade offices in Ciudad Chihuahua and Mexico City. The bill proposes \$75.0 to be appropriated to each office.

#### Significant Issues

Currently, the Economic Development Department has border development trade offices in these two municipalities. The appropriation would increase the support for both these offices. The department currently expends \$11.8 for the Mexico City office and \$88.0 for the Chihuahua office. The department receives additional support from the Public Service Company of New Mexico (PNM) and the Department of Tourism for the Mexico City office. Both partners have indicated that there will not be sufficient funds available for continued support of the Mexico City office. If additional funding is not secured, this office will close at the end of fiscal year 2002.

The offices in Mexico are in place to promote and develop trade opportunities between New Mexican and Mexican companies by increasing awareness of New Mexico products, services and tourism. Ultimately, the goal is to increase exports to Mexico and create more export related jobs

within the state. In 1999, \$55.3 million of products were exported to Mexico from New Mexico.

This increased by 147.5 percent by 2000 when \$136.9 million of products were exported to Mexico. Mexico is New Mexico's 7<sup>th</sup> largest export market, primarily driven by high technology goods, manufacturing goods and processed goods. Loss of these offices could affect the existing and future trade opportunities for New Mexican companies with Mexico.

### **FISCAL IMPLICATIONS**

The appropriation of \$150.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

### **RELATIONSHIP**

The appropriations contained within this bill relate to appropriations within the General Appropriations Act where some funding for these offices are contained within the Economic Development Department's operating budget.

MW/ar