

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 FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Maes DATE TYPED 2/6/04 HB _____

SHORT TITLE On-line Small Business Retention and Expansion SB 32

ANALYST Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$952.0			Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 317

Relates to Appropriation for New Mexico Institute of Mining & Technology in the General Appropriation Act.

SOURCES OF INFORMATION

LFC Files

Commission on Higher Education (CHE) Funding Recommendations for FY05.

Response Received From

NM Economic Development Department (NMEDD)

General Services Department (GSD)

No Response

Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

Senate Bill 32 appropriates \$952 thousand to the Board of Regents of New Mexico Institute of Mining and Technology (NMIMT) to support an online New Mexico Small Business retention and expansion initiative.

Significant Issues

According to the NMEDD and GSD, making an appropriation for an online NM Small Business Retention and Expansion Initiative, titled E-Mercado, at the NM Institute of Mining and Technology. E-Mercado will generate a statewide database consisting of mostly small businesses. E-

Mercado will enable these businesses to purchase goods and services from one another, and will also provide a way for the large purchasers in the state to access NM businesses for their procurement activities.

The GSD writes that:

The program envisioned in this bill will provide a vital communications link between the State Purchasing Division (SPD) of the General Services Department (GSD) and New Mexico small businesses. This bill is the product of many months of collaboration between SPD and small business advocates to design an online web-based platform on which invitations to bid and RFPs may be published and instantly viewed by New Mexico small businesses. Currently SPD relies on statewide newspapers, limited mailing lists, the SPD web page, and word of mouth to inform vendors of services and items that the state wishes to buy. This bill would provide the state with free, targeted advertising to willing, ready and able NM small business vendors and improve dissemination of important and time sensitive information that is otherwise difficult to find.

ADMINISTRATIVE IMPLICATIONS

Implementation of this program would greatly improve the SPD's ability to reach otherwise unreachable New Mexico small businesses wishing to do business with the state. If successful, the program could foreseeably lower the state's advertising costs for publishing invitations to bid and RFPs.

FISCAL IMPLICATIONS

The appropriation of \$952 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY05 shall revert to the general fund. However, the GSD states that a recurring appropriation of \$952,000 may be unnecessary if the program becomes self-sustaining. While \$952,000 is considered a reasonable amount to design and implement the program, smaller recurring appropriations may be warranted.

The program envisioned in this bill will provide a vital communications link between the State Purchasing Division (SPD) of the General Services Department (GSD) and New Mexico small businesses. This bill is the product of many months of collaboration between SPD and small business advocates to design an online web-based platform on which invitations to bid and RFPs may be published and instantly viewed by New Mexico small businesses. Currently SPD relies on statewide newspapers, limited mailing lists, the SPD web page, and word of mouth to inform vendors of services and items that the state wishes to buy. This bill would provide the state with free, targeted advertising to willing, ready and able NM small business vendors and improve dissemination of important and time sensitive information that is otherwise difficult to find.

ADMINISTRATIVE IMPLICATIONS

Implementation of this program may require additional administration and staff support at NMIMT.

AMENDMENTS

The following language is suggested for all new recurring higher education programs and expansion of current programs (assuming that funding will continue beyond FY05):

“The institution receiving the appropriation in this bill shall submit a program evaluation to the Legislative Finance Committee and the Commission on Higher Education by August 2007 detailing the benefits to the State of New Mexico from having implemented this program over a three period.”

OTHER SUBSTANTIVE ISSUES

NMEDD, the Albuquerque Hispano Chamber of Commerce and Sandia National Laboratories have been working, in partnership for several months to develop the database for E-Mercado. NMEDD believes this is the most advanced effort in the state to develop a statewide database. The database needs to be defined in such a way that meets the requirements of all the different types of vendors. The developers of E-Mercado are aware of these complexities of this endeavor and believe the challenges are being overcome.

The database created with the funds in this bill will become an integral part of the \$100,000 Procurement Partnership, which is one of the EDD department’s priorities. The Procurement Partnership aims to increase jobs in New Mexico, helping New Mexico companies increase procurement of their goods and services by the federal labs and the 18 largest companies located in New Mexico. The \$100,000 requested in the Executive Budget will provide research of what is procured out of state, a database, training for companies, and travel funds to meet with potential suppliers and the target companies and labs.

This program expansion was not included in the FY05 funding requests submitted by the NMIMT to the CHE. Consequently, this request was not included in the Commission’s funding recommendations for FY05

RLG/dm:lg