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FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 01/27/05 HB 52

SHORT TITLE Enterprise Facilitation Grants Program SB _____

ANALYST Ford

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$600.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 52 appropriates \$600 thousand from the general fund to the Economic Development Department for the purpose of funding a competitive grants program in three local public bodies to demonstrate the efficacy of enterprise facilitation.

Significant Issues

Grants made under this program will require a 50% match from the receiving jurisdiction.

PERFORMANCE IMPLICATIONS

Performance measures for the EDD include: number of business expansions assisted by the economic development program in urban areas of New Mexico, total number of rural jobs created, and number of business expansions assisted by the economic development department in rural New Mexico. Successful enterprise facilitation efforts could help the department improve their performance measures.

FISCAL IMPLICATIONS

The appropriation of \$600 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2006 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

EDD will have to dedicate staff time to develop the program, process the requests for proposals, and administer the enterprise facilitation program.

TEHCNICAL ISSUES

The bill does not indicate whether any particular type of community is to be targeted (for example, rural versus urban) or if the EDD should attempt to achieve geographic diversity with its awards.

OTHER SUBSTANTIVE ISSUES

In his New Program Initiatives Recommendations for FY06, the Governor included \$400 thousand for a rural entrepreneur development program, which EDD indicates is the same initiative as that established by this bill. However, this funding was not included in the agency's request submitted in September, 2004 and reviewed by the LFC.

EDD indicates that it is currently operating similar programs through three pilot projects in Grant, Luna and Taos counties. Results from these pilot programs are not yet available.

EF/lg