

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 be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/06

SPONSOR Trujillo LAST UPDATED _____ HB 237

SHORT TITLE Minority and Small Business Owner Services SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		(\$0.1)	(\$0.1)	(\$0.1)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Workforce Training and Development (OWTD)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

HB 237 appropriates \$500,000 from the general fund to the Economic Development Department to fund a pilot program that provides outreach training and mentoring services to minority and immigrant small business owners and entrepreneurs in Santa Fe and San Miguel Counties.

FISCAL IMPLICATIONS

The appropriation of \$500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

By establishing a pilot program, this legislation would likely have an administrative impact on the Economic Development Department

SIGNIFICANT ISSUES

According to EDD, this pilot program would help entrepreneurs develop solid business practices, such as tax reporting and compliance with health and safety regulations, eliminate language barriers, and promote the sale of goods and services indigenous to Northern NM. The Economic Development Department fosters a sustainable rise in our state's production of goods and services, from micro, small and large businesses alike.

EDD currently works with a number of small business service organizations, whether they are non-minority, minority or immigrant owned. Through the EBS Initiative alone, a number of service organizations exist that provide all business owners with counseling, entrepreneurial education, financing, training, and mentoring services. EDD partners with service organizations such as NMSBDC, WESST Corp, Accion NM, and the NM Community Development Loan Fund to assist NM business owners.

The OWTD notes that the bill is silent concerning coordination with such local small business development centers and associations that currently specialize in such providing such assistance to all small business owners.

ADMINISTRATIVE IMPLICATIONS

OWTD indicates that EDD would need to dedicate staff to administer the program, and likely would need to take a percentage of the appropriation to support these staff activities and other associated and related tasks and costs.

EDD could establish a contractual agreement with an entity or organization outside of the department to run such program, which would reduce the administrative impact. However, the department would lose most oversight of the program.

The costs associated with outreach could include publications, travel, presentations, interpretation/translation services, and marketing tools/programs.

OTHER SUBSTANTIVE ISSUES

According to the OWTD, some of the same services are currently available through post-secondary educational institutions and small business development centers. Such coordination could prevent duplication of services and maximize all available resources to provide additional services to business owners and entrepreneurs.

ALTERNATIVES

OWTD suggests the funding could be directed to existing state-funded programs, specific to Santa Fe & San Miguel Counties, with the stipulation that a specific number of clients must be assisted. OWTD notes that although these services exist, agencies find it difficult to fund costs associated with outreach, advertising, workshop development. These funds would be more useful for that purpose alone.

BE/nt