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FISCAL IMPACT REPORT

ORIGINAL DATE 2-3-06

SPONSOR Rehm LAST UPDATED _____ HB 558

SHORT TITLE DOWNTOWN ALBUQUERQUE BUSINESS INCUBATOR SB _____

ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$50.0	Non-Rec	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 558 appropriates \$50 thousand from the general fund to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) in FY07 for development of a business incubator in east downtown Albuquerque.

FISCAL IMPLICATIONS

The appropriation of \$50 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

SIGNIFICANT ISSUES

DFA indicated the appropriated funds will help pay for the design, plans, construction and equipment of a business incubator called the "WESST Corp Enterprise Center: A business incubator in Downtown Albuquerque in Bernalillo county. The building will be located in Martinez Town, the federally designated Pocket of Poverty in East Downtown Albuquerque; the site is cleared of all blighted buildings and ready for construction. Total cost of project is approxi-

mately \$3.25 million. This appropriation appears to be a capital outlay request and not a service program. DFA recommended the bill that it be reintroduced as a capital outlay request. Normally Capital Outlay requests allow up to five years for completion of a such a project that requires planning, designing and construction of a facility. The city of Albuquerque will own this building.

DFA added that the business incubator received state certification on December 1, 2005. Governor Richardson promised \$2 million. At least 87 percent of businesses that start in a business incubator are still in business five years later. This business incubator center will assist new and fledging businesses to develop in a facility that provides efficient space, shared services, hands-on business training and micro loans. The WESST Corp Enterprise Center will target digital media production, artisan manufacturing and "green" industry businesses. WESST Corp. businesses have contributed \$75 million in taxable gross receipts in the last 5 years. The corporation serves primarily women and minorities in the low to moderate income range starting over 1,850 businesses and creating 2,600 jobs since inception in 1989.

ADMINISTRATIVE IMPLICATIONS

LGD/DFA and City of Albuquerque will enter into a grant agreement for services for the development of a business incubator in the east downtown Albuquerque. The project will be assigned to a project manager in the Community Development Bureau.

TECHNICAL ISSUES

DFA noted that this appropriation appears to be a capital outlay request and not a service program and recommended the bill be reintroduced as a House capital outlay request

DH/nt