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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/06

SPONSOR Balderas LAST UPDATED _____ HB 713

SHORT TITLE Raton Hispanic Small Business Promotion SB _____

ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	3.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

New Mexico Economic Development Department (NMEDD)

SUMMARY

Synopsis of Bill

House Bill 713 appropriates \$3,000 from the general fund to the Local Government Division of the Department of Finance and Administration for an organization that promotes economic development and opportunity for the Hispanic community in Raton by focusing on small businesses.

FISCAL IMPLICATIONS

The appropriation of \$3,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

The Department of Finance and Administration (DFA) indicates that the sponsor's intention is that the appropriated funds would go to the Raton Hispanic Chamber of Commerce (RHCC) to promote economic development in Raton. The RHCC spurs economic development in the city of Raton by sponsoring four key events: Cinco De Mayo, Annual Car Show, Marathon Run and Winter Mercado.

The DFA adds that last year the RHCC was not funded from the lodgers tax due to administrative reasons. As a result, the Raton Chamber of Commerce subsidized one of the four events sponsored by the RHCC.

The New Mexico Economic Development Department (NMEDD) notes that it has a good working relationship with the Raton Chamber & Economic Development Council, Inc., which serves as the economic development organization for Raton in NMEDD's Certified Community Initiative (CCI). This organization is the focal point for economic development initiatives for the entire community. The CCI designation and the chambers' mission address the needs and issues of all businesses.

Although this legislation does not specify the organization to receive the appropriation, NMEDD assumes that it would go to the Raton Hispanic Chamber of Commerce. NMEDD suggests that funding a separate economic development entity in Raton, with basically the same objective, could send mixed messages on economic development support.

ALTERNATIVES

NMEDD suggests that the alternative to the proposed legislation would be to coordinate economic development initiatives, efforts, and activities with the existing organization (Raton Chamber & Economic Development Council, Inc.) to maximize resources and better serve the entire community.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

According to the DFA, without this appropriation the RHCC may not be able to sponsor the four events in Raton, which may result in a loss of economic development and gross receipts tax revenues in the city, and may result in a reduction in services provided to the citizens of Raton. Additionally, the DFA states that "the RHCC may fail to exist without the appropriation."

ML/yr