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FISCAL IMPACT REPORT

ORIGINAL DATE 2-11-07

SPONSOR Rodella LAST UPDATED _____ HJM 76

SHORT TITLE STUDY IMPACT OF WIRE NEW MEXICO PROJECT SB _____

ANALYST Hadwiger

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$20.0		\$20.0	Non- Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Joint Memorial 76 would request that the legislative interim committee responsible for telecommunications issues to study:

1. the implications of the state-funded Wire New Mexico project competing with private industry;
2. the economic impact that the Wire New Mexico project may have on telecommunications providers and the communities they serve and to evaluate the most appropriate methods of addressing this impact; and
3. the collaborative approaches whereby the state and telecommunications providers can work together to ensure that the telecommunications and technology needs of the state's residents are met.

The committee would report its findings to the New Mexico Legislative Council by December 2006.

FISCAL IMPLICATIONS

The fiscal impact of this memorial would depend on whether Legislative Council Services staff is capable of conducting the study with support from the administration or if contractual support would be required. Because of the technical nature of this study, the fiscal impact is based on a need for some professional services contracts for experts in this field.

PED noted that there is a potential for public schools to save money if the General Services Department can provide at least the same level of service at a lower price.

SIGNIFICANT ISSUES

The memorial indicates that the state's Wire New Mexico project will not be regulated by the Public Regulation Commission and will be competing against existing rural telecommunications providers who are so regulated and who have invested substantial resources to provide high-capacity services to customers in New Mexico communities. The memorial expresses concern that direct competition between the state and existing telecommunications providers may adversely affect the financial viability of existing telecommunications providers serving communities throughout the state, may harm those communities due to job loss and may negatively impact economic development in both rural and urban areas.

DH/mt