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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-6-06

SPONSOR Taylor LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE SOUTH VALLEY BUSINESS INCUBATOR SB 538

ANALYST Hadwiger

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$100.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 538 appropriates \$100 thousand from the general fund to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) in FY07 to fund operational expenses of a business incubator in the South Valley of Bernalillo County.

### FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a 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 indicates the appropriation will assist in administrative costs including benefits for an additional four employees for the business incubator of the south valley. The existing south valley business incubator (SVBI) has been in existence for over a year. The primary source of funds for bricks and mortar of the business incubator was provided by the U.S. Department of Commerce. The cost of the business incubator was \$2.5 million. Upon completion of the project, the build-

ing and operation was transferred to Bernalillo County. SVBI currently leases the facility from Bernalillo County. The Rio Grande Community Development Corporation is a private, not-for-profit parent company which assists SVBI with environmental and social issues for businesses in Bernalillo County. SVBI was one of the first business incubators to receive certification in May 2005. The intent of the business incubator is to provide low-cost office space and operate a commercial kitchen for first time businesses. This is a critical time for first time businesses to get on their own feet. Eventually, businesses learn to manage and operate independently.

DFA added currently, there is only one person on the SVBI staff. There should be at least four other employees to operate the business incubator, where at least six businesses are operating now. Current funding for SVBI is in partnership with Bernalillo county, State of New Mexico-capital outlay funding, McCune Foundation and Department of Commerce. Funding has been used primarily for bricks and mortar. The funding received by the Department of Commerce is non-recurring and not eligible for operational costs.

### **ADMINISTRATIVE IMPLICATIONS**

LGD/DFA and Bernalillo county will enter into a grant agreement for services to fund operational expenses of a business incubator in the south valley of Bernalillo county. The project will be assigned to a project manager in the Community Development Bureau.

DH/mt