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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/08

SPONSOR Espinosa LAST UPDATED _____ HB 353/aHBIC

SHORT TITLE Rural Community Economic Development SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of HBIC Amendment

The HBIC amendment allows the appropriation to be used for administrative expenses in addition to making grants.

Synopsis of Original Bill

House Bill 353 appropriates \$200 thousand from the general fund to Economic Development Department to match foundation grants and federal funds for the creation and implementation of economic development projects in rural communities pursuant to the nation rural development response partnership.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 and subsequent fiscal years shall not revert to the general fund.

SIGNIFICANT ISSUES

According to EDD this appropriation would be used to support the New Mexico Rural Development Response Council (NMRDRC). The goal of the NMRDRC is to:

- Serve as the advocate for rural New Mexico
- Serve as the national model for all state councils
- Enhance the quality of life in rural New Mexico by:
 - Preserving rural cultures, traditions, and lifestyles
 - Providing the tools by which communities can forge their future
 - Eliminate barriers to the success of rural communities
 - Create opportunities to fit the needs of individual communities

The NMRDRC offers the following services:

- Rural Readiness Program to assist communities in creating an economic development project from concept through implementation.
- Community Assessment through community visits and assessments through a SWOT analysis to identify target industries that would have a high likelihood of success in that community
- Community Profile Development through data collection on the community's current status on 10 economic variable indicators.
- Point of Contact for Information to provide various types of information to communities and to provide assistance to communities in accessing information.
- Technical Assistance to review funding applications for communities and provide assistance in identifying funding resources, and other areas as requested.
- Support for Community Development Projects to provide letters of support for community economic development funding applications and assist in project review.

OTHER SUBSTANTIVE ISSUES

EDD reports that on March 15, the NMRDRC received news from Senator Pete Domenici announcing that they were awarded a \$150,000 grant under the USDA's Rural Community Development Initiative RCDI. The purpose of the grant is to make community development a reality in 10 rural New Mexico communities: El Rito, Eunice, Hatch, Lordsburg, Magdalena, Raton, Reserve, Santa Clara, Santa Rosa and Tucumcari.

The USDA award was based, in part, on poverty rates and income levels in rural communities, as well as a capacity to engender economic development and provide affordable housing. This grant derives from the 1990 Rural Development Initiative. Domenici supported this law and the creation of the New Mexico Rural Development Response Council to coordinate the work of federal, state and local agencies presiding over benefits and programs reaching into rural areas.

The NMRDRC will now work with the communities selected to develop assessments, feasibility studies, and develop plans to implement their proposed ideas in order to create jobs and opportunities in their communities. The proposal was supported by the New Mexico USDA-Rural Development office, who will oversee the grant.