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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/9/09

SPONSOR Taylor LAST UPDATED \_\_\_\_\_ HB 391

SHORT TITLE Additional Main Street Network Communities SB \_\_\_\_\_

ANALYST Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$250.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)

Tourism Department

### SUMMARY

#### Synopsis of Bill

House Bill 391 appropriates two hundred fifty thousand dollars (\$250,000) from the general fund to the Economic Development Department for operational expenses related to the addition of four communities to the New Mexico Main Street network.

### FISCAL IMPLICATIONS

The appropriation of two hundred fifty thousand dollars (\$250,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

This bill would add \$250,000 to the current technical assistance budget of \$825,000. The New Mexico Main Street Program also administers annual set-aside funding appropriated by the state legislature for the Main Street Capital Outlay Fund.

### **SIGNIFICANT ISSUES**

EDD provides technical assistance to Main Street communities throughout the state, assisting communities with redeveloping and redesigning their downtown. Design of a downtown is the most fundamental step in revitalizing a community, defining a market niche for a community's commercial district, growing existing retail businesses and growing new businesses.

The state Main Street Program Director also serves as the state Coordinator for Arts and Cultural Districts. The arts and cultures of New Mexico are among the top reasons visitors come to the state. The Tourism Department supports and encourages collaboration among all state agencies to better promote New Mexico as a tourist destination. Thriving Main Street communities only enhance opportunities to attract more visitors to the state.

New Mexico Main Street Program provides technical assistance and resources to affiliated communities for economic development in downtowns. It does so through contract funding providing professional consulting to affiliated communities through its Four Point Approach™ to local capacity building in community economic development. There is currently 21 affiliated local community Main Street Programs mostly in rural communities. The Program provides services to another 4 “Start Up” and 5 “Special Project” communities. There are 9 communities who have petitioned the Department to be accepted into the Program including Angel Fire, Belen, Capitan, Harding County, Eunice, Lordsburg, Nob Hill of Albuquerque, Truth or Consequences, Taos. The New Mexico Main Street Program also administers annual set-aside funding appropriated by the state legislature for the Main Street Capital Outlay Fund.

### **PERFORMANCE IMPLICATIONS**

New Mexico Main Street has had, over its 23-year history high performance outcomes in job creation and business development in its affiliated communities. In addition, it leverages with the state investment, significant private sector reinvestment and matching grants for each district from other agencies, foundations and philanthropic organizations. Communities admitted to the Program set up a private/public sector partnership and a local 501c3 organization with the municipality and 501c3 responsible for funding the organization and a staff person in economic development.

Increased promotion of and focus on the arts and culture offerings in these Main Street communities may result in increased visitation to and within New Mexico, a key measure of the Tourism Department performance.

### **ADMINISTRATIVE IMPLICATIONS**

The Program recently added an Assistant Director through the New Mexico State Legislature to prepare to admit new and continue serving existing affiliated Main Street communities as funds for technical assistance to local affiliates are made available.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to the General Appropriations Act. HAFC has adopted the executive recommendation which reduced the funding associated with the recently added Assistant Director.

**OTHER SUBSTANTIVE ISSUES**

The Program receives accreditation through the National Trust Main Street Center (NTMSC) that trademarks its revitalization process and the MainStreet name. There are currently 1300 local programs in 41 states across the country. NTMSC establishes benchmarks in funding and administration. It requires a minimum of the equivalent professional services of \$50,000 - \$90,000 per each new community added to the state program and a continuing state investment of the equivalent of \$30,000 for existing fully affiliated Main Street communities.

The Main Street program grew rapidly in funding and number of communities served from 2003 – 2007. It has had a flat contract budget for technical services to communities (required by NTMSC) for the past two years.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Less funding to beautify smaller New Mexico communities could result in possibly fewer visitors to and within New Mexico, especially in those communities.

DL/mc