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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/09
 LAST UPDATED 2/27/09 HB _____

SPONSOR Campos

SHORT TITLE Main Street Revolving Loan Criteria SB 131

ANALYST Varela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Cultural Affairs (DCA)
 New Mexico Finance Authority (NMFA)
 State Investment Council (SIC)

SUMMARY

Synopsis of Bill

Senate Bill 131 amends several sections of the “Main Street Revolving Loan Act” making the program and funding more flexible in order to meet the current economic needs of Main Street businesses. The Act provides a revised definition of a “lending institution” so that smaller lenders, such as credit unions and non-profit organizations, can participate and allows for a percent of the fund to be used to help cover the lending institution’s fees.

It appears to allow the Main Street Loan Committee to approve expenditures for marketing, managing and administering the program, and to allow committee member participation through conference call or other distance communications systems under the Open Meeting Act.

The Act extends the possible loan period to up to 10 years, making the Main Street loans more compatible with other commercial lending products. The Act allows for greater flexibility in establishing collateral and removes the income eligibility requirements and previous loan denial requirements, which were not viewed as meaningful indicators of need.

FISCAL IMPLICATIONS

This bill carries no appropriation and does not have a fiscal impact.

SIGNIFICANT ISSUES

DCA states that the existing Act is too cumbersome to use with the typical small Main Street businesses. The proposed changes will better meet the purpose of the original Act.

PERFORMANCE IMPLICATIONS

According to DCA, the criteria adjustments in the bill may assist the Historic Preservation Division meet its performance measure to provide funds to projects in rural New Mexico outside the Rio Grande corridor, which is where the majority of Main Streets exist.

PV/mc