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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 01/27/12  
**LAST UPDATED** 02/09/12    **HB** \_\_\_\_\_

**SPONSOR**    Ulibarri

**SHORT TITLE**    Resident Veteran Business Preferences    **SB** 132/aSPAC

**ANALYST**    Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Minimal			Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicate to HB 97

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

- Department of Veterans' Services (DVS)
- General Services Department (GSD)
- Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment makes minor changes in language use that do not substantively change the intent of the bill.

#### Synopsis of Bill

Senate Bill 132 (SB 132) revises the State Procurement Code to establish a resident veteran preference of five percent over and above the current resident business preference of five percent.

The bill defines relevant terms and provides requirements to document veteran status.

### FISCAL IMPLICATIONS

Additional preferential preference for veterans could result in an increase in the costs of some goods and/or services that are procured by the State and local governments under sealed bids.

## **SIGNIFICANT ISSUES**

The Department of Veterans' Services (DVS) reports that it is focused on increasing veteran-owned businesses around the state. Through the Veteran Business Outreach Center, DVS has made a concerted effort to assist those veterans who either want to open a new business or grow their business through training and consultation. This bill would give a small advantage to those veteran-owned businesses looking to bid on state and local government contracts.

## **PERFORMANCE IMPLICATIONS**

The Taxation and Revenue Department (TRD) will be required to issue a certificate identifying a business as veteran-owned. The veteran will be required to provide proof of veteran status to TRD.

## **ADMINISTRATIVE IMPLICATIONS**

There most likely would be a small administrative cost to TRD to issue a certificate to a veteran-owned business.

## **OTHER SUBSTANTIVE ISSUES**

Residents of New Mexico receive a five percent competitive advantage in state procurements that include a formal competitive sealed proposal process. Surrounding states impose reciprocal preferences on vendors who have a preference in New Mexico. Resident contractors are penalized five (5) percent when they submit bids to Texas and veterans, under this bill, would be penalized ten (10) percent.

According to a recent SBA business survey, New Mexico has 15,212 veteran-owned businesses. Many of these companies have only one or two employees. The additional preference would likely promote the development and expansion of veteran-owned businesses and veteran contractors across the state.

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

There would be no preferential treatment of veteran residents compared to non-veteran residents in the state procurement process.

AHO/lj:svb