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## FISCAL IMPACT REPORT

SPONSOR: Salazar DATE TYPED: 3/17/03 HB 80/aSCORC

SHORT TITLE: Small Business Investment Corporation SB \_\_\_\_\_

ANALYST: Collard

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 10

### SOURCES OF INFORMATION

1988 Albuquerque Journal Article

Responses Received From  
State Investment Council

Responses Not Received From  
Economic Development Department

### SUMMARY

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to House Bill 80 inserts a new Section 8. This section defines the corporation board of directors as the following individuals or their designee: the state treasurer, the state investment officer and six members appointed by the governor. The members shall serve at the pleasure of the governor. The governor's appointees will have general expertise in small business management, but cannot work with businesses receiving investments from the corporation. Further, no two members can represent the same company, a chairman will be a member who is elected annually by the members, the board will set its policies and procedures, public members of the board will receive per diem, and the board will conduct an annual audit, which will be open to the public.

The amendment also deletes a subsection that permits equity investments in New Mexico businesses that have loans guaranteed by the United States department of agriculture, the United States small business administration, or have a loan in conjunction with the United States small business administration.

### **OTHER SUBSTANTIVE ISSUES**

It should be noted that New Mexico has tried this once before with the New Mexico Business Development Corporation (BDC) which was created by the Legislature in 1983 to provide development money to small and medium sized businesses in the state. The BDC was a private, for-profit corporation. The corporation quickly lost \$10 million.

#### Synopsis of Original Bill

House Bill 80 clarifies the power, status and permitted investments of the Small Business Investment Corporation (SBIC). It also requires the State Investment Council to review SBIC funding once per year and adjust the funding to one-fourth percent of the market value of the Severance Tax Permanent Fund if the funding is below this level. Finally, it requires the State Investment Council to report semi-annually on New Mexico private equity investments in the Severance Tax Permanent Fund to the legislature.

### **ADMINISTRATIVE IMPLICATIONS**

The State Investment Council expects a minor impact in reporting requirements.

**KBC/prr ;yr/njw**