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FISCAL IMPACT REPORT

SPONSOR: Fidel DATE TYPED: 2/16/03 HB _____

SHORT TITLE: NM Rural Development Response Council SB 491

ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$150.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	See Narrative		Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

Duplicates House Bill 443

SOURCES OF INFORMATION

LFC Files

Responses Received From
Economic Development Department

SUMMARY

Synopsis of Bill

Senate Bill 491 appropriates \$150.0 from the general fund to the Economic Development Department (EDD) for the purpose of providing funding to the New Mexico Rural Development Response Council.

Significant Issues

The bill does not explain the benefits EDD will receive as a result of this appropriation. The bill simply states that the appropriation would match federal funding received by the New Mexico Rural Development Response Council.

The New Mexico Rural Development Response Council (NMRDRC) is a non-profit organization whose goal is to promote economic development in rural communities. According to EDD, NMRDRC was recently awarded a \$1,000.0 Rural Readiness Grant from the U.S. Economic Development Administration. The grant will allow the NMRDRC to award funds on a competitive basis to communities to attract or grow jobs in target industries. The grant was awarded, in part, because matching funds from the state office of the U.S. Department of Agriculture (USDA) were promised. EDD reports that the USDA commitment has been reduced by half due to federal budget cuts. The EDA grant is now in jeopardy unless alternate matching funds can be identified.

FISCAL IMPLICATIONS

The appropriation of \$150.0 contained in this bill is a recurring expense to the general fund. It appears that the funding to match the EDA grant to the NMRDRC will be needed for the next three years. Any unexpended or unencumbered balance remaining at the end of fiscal year 04 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

EDD reports that it could administer a contract with the NM Rural Development Response Council with only minimal administrative implications.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 443 duplicates this bill.

OTHER SUBSTANTIVE ISSUES

According to NMRDRC's website, the "Rural Readiness Program" is modeled on "Rural Payday" an earlier program that focused primarily on the recruitment of call centers to rural New Mexico.

Because the appropriation made by this bill would directly benefit NMRDRC, a private non-profit organization, the bill may violate the anti-donation clause of the New Mexico constitution.

POSSIBLE QUESTIONS

1. Should the bill be amended to explain the deliverables EDD would receive as a result of providing money to the NM Rural Development Response Council?

LP/yr/njw