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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/06

SPONSOR Garcia LAST UPDATED _____ HB _____

SHORT TITLE Grants to Rural Communities SB 98

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to:
HB 146, SB 99, HB 110

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
NM Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

Senate Bill 98, "An Act Making an Appropriation to Assist Rural Communities in Creating Economic Development Projects," appropriates \$500 thousand (\$500,000) from the general fund to the Economic Development Department for the New Mexico Rural Development Response Council to make grants to rural communities and match federal funding and foundation grants.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand (\$500,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of shall not revert to the general fund.

SIGNIFICANT ISSUES

EDD views this appropriation as a pass through to the New Mexico Rural Development Response Council to continue the rural readiness program.

Since their inception, rural response councils across the nation have been funded by the federal government. EDD indicates that federal funding for Rural Development Response Councils has declined in recent years due to federal cut backs. All federal funding will end this year.

According to the NM Department of Agriculture, the Rural Readiness program has been a highly successful activity of the New Mexico Rural Development Response Council. This program is viewed as a national example for rural development efforts and works with communities in New Mexico with a population fewer than 15,000 residents to provide technical assistance to implement economic development projects. It is a self-help economic development program for these communities, which often lack the personnel or expertise to implement economic development activities. NMDA has been a member of the New Mexico Rural Development Response Council for many years.

PERFORMANCE IMPLICATIONS

EDD would not have oversight or responsibility for the performance of the funded programs.

ADMINISTRATIVE IMPLICATIONS

There would be minimal impact on the operations of the Economic Development Program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 146, appropriating \$1 million to Economic Development Department for the same purpose.

SB 99, appropriating \$500 thousand to DFA for the same purpose

HB 110, appropriating \$1 million to DFA for the same purpose

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD indicates that there are no other statewide programs capable of filling this gap if the Rural Development Response Council does not have funding.

According to NMDA, there will be fewer opportunities for New Mexico rural communities to enact viable economic development projects. Studies indicate that New Mexico communities with populations under 5,000 residents continue to lose population at an alarming rate. This decline in population and in maintaining a viable rural New Mexico would likely accelerate.

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