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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06

SPONSOR Altamirano LAST UPDATED _____ HB _____

SHORT TITLE Manufacturing Extension Services SB 173

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$650.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to House Bill 320

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 173 appropriates \$650 thousand from the general fund to the Economic Development Department (EDD) to contract for manufacturing extension services. The appropriation is contingent on the receipt of money from the National Institute of Standards and Technology (NIST) to operate a manufacturing center in New Mexico. The appropriation may be expended in FY06 and FY07

FISCAL IMPLICATIONS

The appropriation of \$650 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

The appropriation will support the New Mexico Manufacturing Extension Partnership (NMMEP). NM MEP provides technical assistance to emerging and medium-sized manufactur-

ing companies. This assistance helps companies streamline their processes to become efficient and more competitive. EDD indicates that such technical assistance will ultimately result in more jobs and capital investment in New Mexico. The NM MEP partners with EDD's Home-field Advantage program to help New Mexico companies expand.

PERFORMANCE IMPLICATIONS

According to EDD, NM MEP assists companies in both rural and urban New Mexico with their processes. Assisted companies have created approximately 87 additional jobs and increased sales by approximately \$27.5 million which resulted in capital investment in New Mexico of over \$10.6 million. Some of the companies that NM MEP assisted include Viviendas in Taos, Syzygy Tile, Inc in Silver City, A & M Machine Works in Hobbs and Millennium in Roswell.

ADMINISTRATIVE IMPLICATIONS

There would be little administrative impact on the operations of EDD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 173 is the companion to House Bill 320.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD indicates that failure to approve this appropriation will reduce NM MEP's ability to provide technical assistance to many small and emerging manufacturers.

BE/mt