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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/10

SPONSOR Keller LAST UPDATED HB

SHORT TITLE Biennial NM Business Expo SM 4

ANALYST Pava

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Workforce Solutions (DWS)
 Economic Development Department (EDD)
 Tourism Department (TD)

SUMMARY

Synopsis of Bill

This Memorial requests that the Tourism, Economic Development and Workforce Solutions Departments collaborate with local Chambers of Commerce and other partners to sponsor a biennial business expo in New Mexico.

FISCAL IMPLICATIONS

There is no appropriation. The fiscal impact for the Department of Workforce Solutions is undefined. No funding source is proposed for costs associated with sponsoring a business expo.

Depending on the scope of the program, funding may be needed to produce a meaningful event with impact. DWS provides an example of such costs based on an event for approximately 200 people:

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Facility	\$1,000
Registration	\$ 500
Set-up	\$2,500
Materials	\$1,000
Honorarium	\$2,500
Travel	\$2,000
Awards	\$ 500
Food	\$8,000
Postage	\$ 500
Printing	<u>\$1,000</u>
	\$18,500 or approximately \$92.50 per attendee

Not including staff time of **\$8,000** (In-kind; 400 hours @\$20 per hour)

Business expos, under the leadership of the Lt. Governor, have taken place in New Mexico annually for the last several years. The primary cost of these events is the rental of the venue. The organization, promotion and logistics of the events have been accomplished by existing staff at the three agencies.

SIGNIFICANT ISSUES

The duties, obligations and responsibilities for the Department of Workforce Solutions and other entities identified in this Memorial are broadly defined. Coordination with other departments and agencies would be required to fully resolve the individual roles and responsibilities of each partner.

The Memorial calls for the collection of data to measure the success of these business expos to further the missions of the participating departments. The Memorial does not specify the type of data to be collected or how “the success of the business expos” is to be measured. Information on participating businesses and attendees is easy to collect, but determining the final impact of the event is labor intensive because it requires staff to contact each participating company. These companies often consider sales information proprietary.

PERFORMANCE IMPLICATIONS

Opportunities for New Mexico companies to meet and match their products and services have proven to generate revenue for the companies. These revenues, if substantial enough, can lead to business expansion and job creation. EDD’s Office of Mexican Affairs annually holds a “business-to-business” event in southern New Mexico in conjunction with the NAFTA Institute. At these events New Mexico companies meet companies from Mexico. They have resulted in substantial sales contracts on both sides of the border. EDD does collect data on the transactions when the companies are willing to provide the information.

ADMINISTRATIVE IMPLICATIONS

Considerable staff time would be spent in each of the collaborating agencies to organize the event; and collect the data afterwards.

ALTERNATIVES

The matching of business products and services with other companies and potential customers can be accomplished on-line with a business database. However, this alternative would be extremely expensive to create and keep up-to-date.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Since these types of events have proven to generate sales for participating companies, the potential consequences of not holding business expos is potentially lost revenues and reduced gross receipt and state income tax.

CP/svb