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FISCAL IMPACT REPORT

SPONSOR	Sanchez, B.	ORIGINAL DATE	02/19/11	HB	
		LAST UPDATED	03/14/11		
SHORT TITLE	Create New Mexico 9000 Program Fund	SB	424/aSFC		
		ANALYST	Lucero		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Senate Finance Committee Amendment

The Senate Finance Committee amendment adds language to specify allowable uses of the fund, as follows:

“The fund is so be used for expenses associated with the delivery of training, auditing and certification, as well as expenses associated with administering the program and supporting participating New Mexico businesses in obtaining and maintaining international organization for standardization certification.”

Synopsis of Original Bill

Senate Bill 424 authorizes the creation of the New Mexico 9000 program enterprise fund to support and maintain the New Mexico 9000 program. Money in the fund is appropriated to the Economic Development Department to implement and maintain the program.

FISCAL IMPLICATIONS

The New Mexico 9000 program enterprise fund is created to receive fees paid by program

participants, appropriations, gifts, grants and donations.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

The New Mexico 9000 program is a set of quality management standards recognized in over 170 countries. Most major companies and agencies of the Federal Government, Mexico, Canada, Europe, and Asia require their suppliers to be ISO compliant. ISO certification can be a lengthy and expensive process. The Economic Development Department (EDD) helped to create the New Mexico 9000.

EDD reports that a non-reverting fund is required because it often takes more than a year to complete the program. The fund must hold deposits until the participating companies successfully complete the program. This provides an incentive for companies to complete the program.

In the past, a classified state employee at EDD ran this program and provided the training for this program. This employee left the state in September 2010, and EDD may not have the funds to hire a full-time replacement employee in light of state budget cuts. This enterprise fund will enable this popular program, which has been in operation since 1999, to continue serving New Mexico small businesses. The creation of the Enterprise Fund will actually reduce or eliminate expenses for this program that previously came through the general fund. In the future, training will be provided through outside contracts as a way to reduce the burden on the general fund. This training will be paid through participant fees.

OTHER SUBSTANTIVE ISSUES

Background on the NM9000 Program:

The NM9000 Program provides low cost ISO 9000 training and certification to New Mexico small businesses. <http://www.edd.state.nm.us/businessAssistance/iso9000/index.html>

ISO is a set of quality management standards recognized in over 170 countries. Most major companies and agencies of the Federal Government, Mexico, Canada, Europe, and Asia require their suppliers to be ISO compliant. ISO certification can be a lengthy and expensive process and that is why the Economic Development Department created New Mexico 9000.

As of August 2010, 239 companies started the NM 9000 program with 32 of these companies repeating the course to have additional personnel trained. Of the 207 companies, 190 completed the training, of which 48 have become ISO certified. It takes a company usually over one year to actually become ISO Certified. The State of New Mexico has only 98 companies that are ISO certified and the NM 9000 program has accounted for one half. We have trained over 700 individuals in the ISO Standard and these companies have created over 1,000 new expansion jobs. Lists of those companies are on record at EDD.

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