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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/14

SPONSOR Garcia Richard LAST UPDATED _____ HB HM79

SHORT TITLE Business Procurement By Fed Institutions SB _____

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Minimal	Minimal				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

House Memorial 79 requests the Economic Development Department, the Workforce Solutions Department, the Regional Development Corporation, the regional coalition of Los Alamos National Laboratory (LANL) communities, and representatives of county and municipal and tribal governments of north central New Mexico to work with the consortium of major LANL subcontractors to study the prospective impact of the National Nuclear Security Administration's (NNSA) requirements for using its supply chain management center system and to identify strategies to mitigate the impact on local New Mexico businesses.

The memorial also requests the New Mexico congressional delegation support efforts by state and local stakeholders to maintain and increase local business procurement by U.S. Department of Energy institutions.

FISCAL IMPLICATIONS

The agencies involved will incur minor travel and administrative costs associated with performing the requested study.

If the working group succeeds in identifying strategies to mitigate the impact of the NNSA supply chain system on local businesses, the strategies could reduce or eliminate the potential significant revenue loss to these businesses and the resulting loss of state tax revenues.

SIGNIFICANT ISSUES

The memorial describes the great economic and social benefits for the state and for local communities and nonprofit organizations generated by the consortium of major LANL subcontractors. It then describes the significant potential for a negative impact to these subcontractors as LANL implements NNSA's requirements for using its supply chain management center system. This system bypasses the traditional procurement process and could drive LANL to increase purchases from out-of-state contractors at the expense of regional contractors who employ New Mexico residents, pay gross receipts taxes, and implement community development plans to support community education and economic development in northern New Mexico.

ADMINISTRATIVE IMPLICATIONS

There will be a minimal administrative impact for agencies involved with the study.

JC/jl