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FISCAL IMPACT REPORT

SPONSOR Small/Sweetster/
Bealquin/
Gomez/Rodella ORIGINAL DATE 02/09/17 LAST UPDATED 2/23/17 HB 289/aHLEDC

SHORT TITLE Agriculture in Econ Development Finance Act SB _____

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Finance Authority (NMFA)
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

The House Labor and Economic Development Committee amendment adds the following language after every instance that “including an agricultural enterprise,” is used. It will now read as follows;

“including an agricultural enterprise, such as new or ongoing agricultural projects that add value to New Mexico agricultural products.”

Synopsis of Bill

HB 289 amends the Statewide Economic Development Finance Act (the “Act”) to explicitly include agricultural enterprises within the definition of economic development goals and to make agriculture enterprises eligible for funding under the Act.

FISCAL IMPLICATION

The Act utilizes the combined expertise and resources of the Economic Development Department (EDD) and the New Mexico Finance Authority (NMFA) in helping fund certain

economic development projects. Currently, the NMFA has established three programs through this partnership, the two largest of which are funded from federal sources which dictate eligibility of business loans. The two federal programs currently allow financing to enterprises engaged in value added agriculture, but not farming. If a dedicated source of funding for farming was established, NMFA would need to add personnel with experience in agriculture lending.

The Economic Development Department (EDD) states that the fiscal impact is uncertain, however, the EDD has supported value added agriculture and food processing projects on many occasions under the Local Economic Development Act (LEDA). This amendment is broad and does not clearly define agricultural enterprises. The amendment appears to make all agricultural activity eligible. Current LEDA language allows for value added agricultural projects. This change to SWEDFA may allow all agricultural activity, including traditional agriculture activity, to qualify for LEDA funds.

ADMINISTRATIVE IMPLICATIONS

Since the enactment Primary Care Capital Funding Act in 1994, the NMFA has been a direct lender to non-public entities. Currently, financing community and economic projects represents approximately 10% of NMFA's current lending activities. NMFA does not anticipate that HB 289 would substantially increase the activities of the NMFA.

The Economic Development Department states that if the nature of agriculture enterprises eligible for LEDA funding is expanded, EDD will be tasked with additional duties for regional representatives to support communities and interface with interested applicants. Currently, the department is short one regional representative and the vacancy is set to remain through FY18.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMEDD will continue to support value added agriculture and food processing projects across the State.

JM/al/sb/jle