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FISCAL IMPACT REPORT

SPONSOR Stansbury/Akhil/Chatfield/Hochman-Vigil/T. Salazar ORIGINAL DATE 2/8/19 LAST UPDATED _____ HB 481

SHORT TITLE Promote and Develop Cooperative Businesses SB _____

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
\$200.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

HB481 makes an appropriation of \$200 thousand to the Economic Development Department (EDD) to provide or contract for the promotion and development of cooperative forms of business.

The appropriation is made to EDD for expenditure in FY19 and FY20 to provide or contract for the provision of activities to promote and develop cooperative forms of business, including providing access to training and technical assistance to create and maintain cooperative businesses.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

SIGNIFICANT ISSUES

The following was provided by the Economic Development Department:

The bill does not identify a specific purpose beyond “create and maintain cooperative forms of business” and this broad purpose can be interpreted in many different ways since the bill does not define “cooperative forms of business”.

In general, a cooperative is a form of business organization in which the business is owned and controlled by those who use its services. Cooperatives are organized primarily for the purpose of providing service to their user-owners, rather than to generate profit for investors. If this is not the intended meaning, “cooperative business” should be defined in order for the department to properly use the funding provided.

PERFORMANCE IMPLICATIONS

The following was provided by the Economic Development Department:

The bill does not specify performance outcomes, however, EDD would establish outcome measures such as number of businesses assisted, technical assistance provided, and number of trainings provided. However, the agency’s existing performance measures are related directly to job creation, new investment, and increased revenue.

ADMINISTRATIVE IMPLICATIONS

If EDD does not engage in a contract to perform the requirements in HB481, it is not known if staff at the agency can provide the scope of work. EDD did not clarify if current staff can take on additional duties.

The following was provided by the Economic Development Department:

The appropriation is made to EDD and the agency would process the contract, negotiate the scope of work, collect reports, and ensure compliance and process payments.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The following was provided by the Economic Development Department:

The mission of the New Mexico Economic Development Department is to enhance and leverage a competitive environment to create jobs, develop the tax base and provide incentives for business development. Should this bill not be enacted, EDD will continue to support business development and “create and maintain cooperative forms of business.”

JM/gb/sb