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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/21/19  
 SPONSOR Small LAST UPDATED 3/02/19 HB 652/aHCEDC  
 SHORT TITLE Border Development Act SB \_\_\_\_\_  
 ANALYST Martinez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$100.0	\$100.0	\$300.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Border Authority (NMBA)  
 Economic Development Department (EDD)

### SUMMARY

#### Synopsis of HCEDC Amendment

The House Commerce and Economic Development Committee amendment to House Bill 652 specifies the additional members, listed below, would be nonvoting:

- (1) New Mexico's two U. S. senators or those senators' designees,
- (2) New Mexico's 2<sup>nd</sup> district U.S. House representative or the representative's designee;
- (3) The lieutenant governor or the lieutenant governor's designee,
- (4) A representative of the governor of the state of Chihuahua or the representative's designee,
- (5) A representative of the governor of the state of Sonora or the representative's designee,
- (6) A representative of the development community in Mexico or the representative's designee, and
- (7) Any additional members deemed necessary,

#### Synopsis of Original Bill

House Bill 652 amends the Border Development Act by primarily changing the composition of the Border Authority and adding qualification requirements for the executive director. HB652 also adds a public works director to the authority.

HB652 amends the Border Development Act to include seven voting members, consisting of the following:

- (1) Secretary of the Economic Development Department, or designee
- (2) Secretary of Transportation, or designee
- (3) Three members appointed by the governor, subject to the advice and consent of the senate, who
  - a. Are New Mexico residents,
  - b. Represent the private sector,
  - c. Have professional experience in land development, economic development, maritime or overland shipping by truck or rail, international commerce, finance, economics, accounting, engineering, law, agriculture, or business management.
- (4) Two members appointed by the governor, subject to the advice and consent of the senate who are
  - a. A city counselor or mayor of a municipality of New Mexico whose jurisdiction is within 20 miles of a port of entry,
  - b. A county commissioner of a county who jurisdiction includes a port of entry.

Section 4 removes the Economic Development secretary and replaces it with the “Authority,” as the party that shall select one of its voting members to serve as the chair and vice chair of the authority.

Section 5 A replaces all instances of the use of “New Mexico-Chihuahua” and replaces it with “New Mexico-Mexico.”

Section 5 A (6) requires that the authority produce promotional literature explaining the authority’s goals and reporting on the fulfillment of those goals.

## **FISCAL IMPLICATIONS**

HB652 does not carry an appropriation.

The New Mexico Border Authority provided the following:

The New Mexico Border Authority (NMBA) suggests additional funding will be needed if this bill passes to hire a public works director. The NMBA estimates that this will be an annual costs to the general fund of approximately \$100 thousand, including benefits. The New Mexico Border Authority currently has 4 FTE, none of them which can take on these additional duties or the role that is required in HB652.

## **SIGNIFICANT ISSUES**

Providing for a Border Authority consisting of seven members with optional advisory members will allow a broad, diverse authority to continue to perform the main purpose of the New Mexico Border Authority. Adding additional members with a broad knowledge base of expertise will encourage continued growth along the border regions.

Currently, the New Mexico Border Authority is the sole administer of the New Mexico-Chihuahua and New Mexico-Sonora commissions for cross-border collaboration. These commissions require substantial amounts of communication year-round with the governors and

staff of both Chihuahua and Sonora.

New Mexico Border Authority can continue to have successful communications with governors of Chihuahua and Sonora. HB652's removal of Sonora and Chihuahua and replacement with New Mexico-Mexico will increase these communications to more entities.

The New Mexico Border Authority provided the following:

HB 652 is suggesting updates and changes to the New Mexico border authority board governance, removing the economic development secretary as chair, upgrading qualifications to the executive director position, addition of a public works director and an additional advisory committee with government officials from Mexico. The above changes suggest the creation of a state agency into a private sector model, and it is unclear if the State of New Mexico can appoint members from Mexico to an advisory committee for the state.

The Economic Development Department provided the following:

The qualifications for three of the board members appointed by the Governor are the same as the qualifications for the Border Authority director.

## **PERFORMANCE IMPLICATIONS**

The New Mexico Border Authority provided the following:

Changes to the statute affecting the New Mexico Border Authority board of directors and possible executive director may deter current projects and programs, both domestically and internationally.

The benefit of having the economic development secretary as chair of the New Mexico border authority board is currently stated in the New Mexico Border Authority act as supporting economic growth in the border region. If the chair is an elected one-year term board member, there is a lack of continuity in leadership and ethical issues might arise.

There are not enough infrastructure projects in the border area to substantiate the addition of a full-time public works director and/or assume its expense. Engineering services can be contracted based on project needs on a substantial savings to the tax payers. Only about three projects in the last seven years have required an engineer. In those instances, the agency has had assistance from the Department of Transportation professionals.

## **ALTERNATIVES**

Rather than requiring an additional FTE at the NMBA, the deputy director can act as the public works director the salary may need to be increased to pay for a deputy director with the qualifications listed for the public works director. However, this could be incorporated in to the Deputy role.

JM/al/sb