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FISCAL IMPACT REPORT

SPONSOR Steinborn/Hochman-Vigil ORIGINAL DATE 2/3/19 HB _____
 LAST UPDATED _____

SHORT TITLE Study State-Owned Bank SM 5

ANALYST Leger

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		*see fiscal implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Senate Memorial

Senate Memorial 5 requests the Legislative Finance Committee (LFC) to conduct a feasibility study of establishing a state-owned bank in New Mexico.

FISCAL IMPLICATIONS

Dependent on the depth of the study and availability of staff, costs associated with the study may be absorbed by LFC. However, if staff availability is limited the need to hire a contractor may be required. Contractor expenses can range from \$5.0 – 15.0.

SIGNIFICANT ISSUES

Senate Memorial 5 requests that the LFC staff conduct a study on the feasibility of establishing a state-owned bank in New Mexico. The mission of the LFC is to provide the Legislature with objective fiscal and public policy analyses, recommendations, and oversight of state agencies to improve performance and to ensure accountability through the effective allocation of resources for the benefit of all New Mexicans. The LFC consistently produces evaluations on a number of policy issues. The LFC’s Program Evaluation Unit maintains a work plan of evaluations

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approved by the LFC. The proposed study is not currently on the work plan and would require a reprioritization of pending evaluations and approval by the LFC.

The memorial states 22 states have undertaken studies to determine the feasibility of a state-owned bank and further states a state-owned bank in New Mexico could help stabilize the state economy, provide local existing and start-up businesses with greater access to credit, support local economic development, augment the lending capacity of private banks in the state and contribute revenue to help fund state government and provide an increase in the responsible stewardship of public funds. North Dakota is the sole state that operates a state-owned bank it was established in 1919 to promote agriculture, commerce and industry in North Dakota.

JL/gb