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FISCAL IMPACT REPORT

SPONSOR: Burpo DATE TYPED: 03/14/01 HB 546/aSCORC
SHORT TITLE: Amend Small Business Investment Act SB
ANALYST: Valdes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SCORC Amendment

This amendment removes language placed in the original bill which authorized the Small Business Investment Corporation Board to determine if certain collateral would be acceptable for rural development business and industrial loans made. The effect of the amendment would be to require that all loans made for this purpose be subject to approval of the United States Small Business Administration or the United States Department of Agriculture. The amendment maintains limitations in existing law for collateral requirements on rural development business and industrial loans.

Synopsis of Original Bill

House Bill 546 expands the investments of the Small Business Investment Corporation authorized in present statutes to allow indebtedness collateralized to the satisfaction of the corporation’s board of directors.

The bill requires that a president be selected from among the members of the Board. It authorizes the following members to appoint a designee to represent them on the Board:

- State Treasurer
- State Investment Officer
- New Mexico Bankers Association President

- New Mexico Independent Community Bankers Association

The bill also authorizes the Board to appoint a qualified individual other than the president as chief executive officer of the corporation.

Significant Issues

This bill allows additional authority to the Small Business Investment Corporation Board of Directors to provide investment capital collateralized by debt instruments acceptable to the Board. This would expand opportunities for investment in small business in New Mexico while holding the Board responsible for setting collateral requirements. The composition of the Board would assure that Small Business Investment Corporation investments are adequately protected. The bill would stimulate economic development in New Mexico.

ADMINISTRATIVE IMPLICATIONS

This bill would streamline the composition of the Board of Directors and authorize the Board to select a chief executive officer to administer the operations of the Board.

MV/ar/njw