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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/08

SPONSOR Martinez LAST UPDATED HB

SHORT TITLE Entrepreneurial Development Support SB 191

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 191 appropriates \$200 thousand from the general fund to Economic Development Department to support entrepreneurial development through business training, networking opportunities, youth programming, policy advocacy, technical assistance and improvement of capital access in rural areas. The appropriation is divided as follows:

1. Seventy-five thousand dollars (\$75,000) to support operational expenses in northern New Mexico for partnership coordination;
2. sixty-five thousand dollars (\$65,000) to support development of a coordinated statewide youth entrepreneurship strategy; and
3. Sixty thousand dollars (\$60,000) in planning funds to create entrepreneurial networks throughout the state.

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 fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

According to PED the bill supports a three-part approach for building entrepreneurship:

1. the partnership coordination proposal for Northern New Mexico will support and expand entrepreneurial activities already underway through the work of the Northern Network and the recently established Microsoft “Partners in Learning” grant to Regional Education Cooperative (REC)-2;
2. Support for the newly formed “New Mexico Statewide Youth Entrepreneurship Network,” an initiative introduced by EDD on December 4, 2007, which brought together individuals and representatives of organizations to brainstorm aspects of entrepreneurial activity (business, industry, education) with an emphasis on youth; and
3. Funds to create entrepreneurial networks throughout New Mexico to address a crucial ingredient in the development of successful entrepreneurial activity – the creation of support systems to ensure the growth of new entrepreneurial activities and the sustainability of existing activities. Significant within the network theme is the expansion of business incubators within the rural areas.

PERFORMANCE IMPLICATIONS

EDD reports that the bill would enhance the entrepreneurial and economic development opportunities for the rural areas of the state. The legislation would address business assistance efforts that do not traditionally meet the standard definition of economic development.

The expansion of entrepreneurial activities within the state will have an impact on the work of the New Mexico Rural Revitalization Initiative (NMRRI), a program within the Rural Education Bureau of the PED.

ADMINISTRATIVE IMPLICATIONS

EDD indicates that it does not have the capacity (FTE) to administer the tasks associated with this legislation. The department would likely contract for these services.

BE/bb