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FISCAL IMPACT REPORT

SPONSOR Salazar, T. / Roybal **ORIGINAL DATE** 1/28/16
Caballero **LAST UPDATED** _____ **HM** 34

SHORT TITLE Study Sharing Resources with Cuba **SB** _____

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Minimal					

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Memorial 34 requests the Economic Development Department (EDD) identify and study opportunities for trade and for sharing of academic and cultural resources between New Mexico and Cuba. It also requests EDD report its findings and recommendations, including a cost estimate, to LFC and an appropriate interim committee by August 1, 2016.

FISCAL IMPLICATIONS

The bill carries no appropriation, but it does mandate a study be conducted. EDD has an economist and trade specialist on staff, and they could complete the study with little or no fiscal impact.

SIGNIFICANT ISSUES

The federal government recently began working towards restoring full diplomatic relations with Cuba and on December 17, 2014, President Obama announced policy changes that were aimed at supporting independent economic activity in Cuba among other things. These policy changes were published in the Federal Register on January 15, 2015. A summary of major changes to rules may be found here:

<http://www.treasury.gov/press-center/press-releases/Pages/j19740.aspx>

Changes to trade include:

- Exports and reexports to provide support for the Cuban people in three areas: improving living conditions and supporting independent economic activity; strengthening civil society; and improving communications – will be eligible under Commerce’s License Exception Support for the Cuban People (SCP).
- To improve living conditions and support independent economic activity, SCP will authorize: (1) building materials, equipment, and tools for use by the private sector to construct or renovate privately-owned buildings, including privately-owned residences, businesses, places of worship, and building for private sector social or recreational use; (2) tools and equipment for private agricultural activity; and (3) tools, equipment, supplies, and instruments for use by private sector entrepreneurs.

Changes to travel include:

- In all 12 existing categories of authorized travel, travel previously authorized by specific license will be authorized by general license, subject to appropriate conditions. This means that individuals who meet the conditions laid out in the regulations will not need to apply for a license to travel to Cuba.
- These categories are: family visits; official business of the U.S. government, foreign governments, and certain intergovernmental organizations; journalistic activity; professional research and professional meetings; educational activities; religious activities; public performances, clinics, workshops, athletic and other competitions, and exhibitions; support for the Cuban people; humanitarian projects; activities of private foundations or research or educational institutes; exportation, importation, or transmission of information or information materials; and certain authorized export transactions.
- The per diem rate previously imposed on authorized travelers will no longer apply, and there is no specific dollar limit on authorized expenses. Authorized travelers will be allowed to engage in transactions ordinarily incident to travel within Cuba, including payment of living expenses and the acquisition in Cuba of goods for personal consumption there.
- Additionally, travelers will now be allowed to use U.S. credit and debit cards in Cuba.

Cuba still remains under a trade embargo and any trade opening might be slow and gradual with some sanctions remaining subject to milestones being met by the Cuban government in extending freedoms to local opposition groups.

ADMINISTRATIVE IMPLICATIONS

Existing staff within EDD should be able to comply with the mandate contained in the memorial. However, the agency reports it would require extensive coordination between New Mexico and Cuban entities to define and outline a plan for the framework of these exchanges (i.e. which products, services, communities, and activities may be paired off and work to achieve the objectives of the bill). Stakeholders would need to be identified in both NM and Cuba and a visit set up to draft a framework agreement with the proper Cuban entities with an aim towards developing and implementing a working plan.