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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/17  
 SPONSOR Louis LAST UPDATED 3/16/17 HB 342/aHAFC/aHFl#1

SHORT TITLE Community Development Financial Institution Act SB \_\_\_\_\_

ANALYST Martinez

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

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$200.0	\$200.0	\$400.0	Recurring	Economic Development Operating Fund
<b>Total</b>	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	Community Development Financial Institution Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses received from  
 Economic Development Department (EDD)

### SUMMARY

#### Synopsis of House Floor Amendment #1

The House floor amendment on page 3, line 12, strikes “track” and replaces it with “tract” in the following sentence.

F. "investment area" means: (1) a county or census “tract” that has:

#### Synopsis of House Appropriations and Finance Committee Amendment

The House Appropriations and Finance Committee amendment on page 10, line 9, removes “appropriated” and inserts, “subject to appropriation by the legislature.”

#### Synopsis of Bill

HB342 establishes a fund, “Community Development Financial Institution Fund,” to be

administered through the Economic Development Commission to provide funding and technical assistance to Certified Community Development Financial Institutions that wish to provide loans and services to underserved populations in areas of high distress, including housing loans for affordable housing projects.

### **FISCAL IMPLICATIONS**

The Economic Development Department estimates that the activities identified in the bill, such as creating application materials and developing policies and procedures as well as providing staffing and administrative support to implement the bill may take the resources of 1.5 full time employees. In addition, the bill establishes a community development financial institution fund (CDFI) fund but does appropriate a specific dollar amount for this purpose. The costs of addition FTE's as well as materials and other costs is estimated to impact the Economic Development Department's (EDD) operating budget at approximately \$200,000 annually. This bill could not be implemented under the EDD's current operating budget without additional appropriations.

There will be additional costs associated with having the Economic Development Commission oversea and implement this bill in terms of per diem, administrative support, travel and meetings.

The Economic Development Department states that funding for community development financial institutions (CDFI) to provide the identified programs and services in HB342 already exists from the United States Department of the Treasury.

### **SIGNIFICANT ISSUES**

EDD analysis states "It is unclear that the areas and population targeted for support under this bill are not already being served by existing CDFI programs. Moreover, the NM Small Business Investment Corporation (NMSBIC ) currently provides CDFI's and the NM Mortgage Finance Authority (MFA) over \$19 for the exact purposes identified in this bill. The bill seems to duplicate the debt programs of the NMSBIC and the MFA.

JM/sb