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## FISCAL IMPACT REPORT

SPONSOR Martinez, RS ORIGINAL DATE 1/28/19  
LAST UPDATED 2/01/19 HB 194

SHORT TITLE Frontier Communities Investment Working Group SB \_\_\_\_\_

ANALYST Martinez

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$50.00	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates: SB102

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

HB194 appropriates \$50 thousand from the general fund to the Economic Development Department to establish a working group to identify ways to invest in frontier communities. The working group will include a member of the New Mexico based non-profit National Center for Frontier Communities. No other members of the working group are identified in the legislation. The group will establish innovative ways to direct investment and reinvestment of state resources for the development of infrastructure, community and essential services in frontier communities.

### FISCAL IMPLICATIONS

The appropriation of \$50 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

The following was provided by the Economic Development Department:

In HB194, \$50 thousand would be appropriated to EDD to conduct a study of potential innovative practices. The bill does not establish a specific use for the funds. A likely assumption is that the Department would hire a contractor to consult with the working group for research and analysis of innovative practices for frontier communities.

### **SIGNIFICANT ISSUES**

The following was provided by the Economic Development Department:

HB194 is duplicate to Senate Bill 102 which appears to relate to SJM2 (2018). However, there are significant conflicts between SJM2 and SB102. For example, SJM2 listed a number of other stake holders who should participate in the working group. SB102 only lists the National Center for Frontier Communities as a participant. The tasks of the working group are more clearly defined in SJM2. Therefore, the intent may be that SB102 is interpreted in conjunction with SJM2.

In the 2018 SJM, Legislative Council Service was tasked with addressing the broad scope of the original proposal. HB194/SB102 apparently assigns this task to the Economic Development Department. The scope of work to be addressed ranges far outside of the Economic Development Department's expertise and responsibility and includes social and community services, health, education and safety.

HB194/SB102 does not identify if funds may be used for research and analysis. It is unclear if the working group is collecting best local practices as part of a discovery process for innovation in services and resources. SB-102 does not define "Frontier Community" and NMEDD works with three different categories or groups of frontier communities. Within NMEDD, the population threshold for frontier communities is different in the Main Street program, in JTIP and in USDA usage. SJM2 identifies Frontier as "remote and geographically isolated settlements and villages" and "many Frontier Communities in New Mexico are unincorporated..." However, a very large number of our incorporated municipalities also fit one or more alternative definitions of frontier communities.

### **PERFORMANCE IMPLICATIONS**

The following was provided by the Economic Development Department:

There are no strategic goals, benchmarks, guidelines or reporting mechanisms for the working group to meet cited in HB194 except "to identify innovative ways to direct investment and of state resources into frontier communities".

### **ADMINISTRATIVE IMPLICATIONS**

The following was provided by the Economic Development Department:

As HB194 now stands, EDD would determine the use of the funds. Hb194 would require an administrative staff person to oversee the working group. Other than citing one non-profit organization, HB194 does not identify what a working group is or define its tasks. The broad

and comprehensive scope of the work is most likely a multi-year process.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The following was provided by the Economic Development Department:

As noted, there are numerous conflicts with the 2018 SJM2.

The Department already administers an underfunded Frontier Communities Initiative under its New Mexico MainStreet Program. Communities awarded the Frontier designation by the Department focus on one catalytic economic re-development project with professional assistance from MainStreet specialists and financial resources from partnering agencies and organizations. In fact, the overwhelming majority of designated communities through New Mexico MainStreet are rural. There is a backlog of communities waiting for expansion of the existing MainStreet and Frontier programs and initiatives to implement economic redevelopment projects locally.

### **TECHNICAL ISSUES**

The following was provided by the Economic Development Department:

The identification in HB194 of the National Center for Frontier Communities as the only designated non-profit to sit on the working group may be problematic. There are many other local, regional and statewide non-profits working in community development and well-being. If the National Center for Frontier Communities is considered the only relevant entity to constitute the working group, a sole source procurement issue may be created by the SB102.

### **ALTERNATIVES**

The following was provided by the Economic Development Department:

A working group consisting of inter-agency programs related to the goals of this bill, under the support of the Legislative Council Service, could be created. The working group could develop other regional area fact finding groups to discover from local rural communities their needs and identify how to better coordinate policies, programs and practices between councils of governments and state agencies. Alternatively, or simultaneously, identify best practices through contract specialists in other states where departments collaborate and leverage each agency's limited resources to serve the needs of rural communities. Thereafter, the group or contractor could report back to the Economic and Rural Development Committee and LFC within one year on recommendations for policy and statutory changes to meet the following goal of HB194: "recommend innovative ways to direct investment and reinvestment of state resources in rural New Mexico for the development of infrastructure, community and essential services."

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

A working group within the Economic Development Department will not be established. The Department will continue to serve rural New Mexico through its MainStreet, Arts & Cultural District, Historic Theaters Initiative Frontier and Native American Initiatives, JTIP and LEDA.