

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR <u>Lara/Small</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/23/2023</u>
SHORT TITLE <u>Border Authority Changes</u>	BILL NUMBER <u>House Bill 13</u>
	ANALYST <u>Dick-Peddie</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			
Total						

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

New Mexico Border Authority (NMBA)
Economic Development Department (EDD)
New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 13

House Bill 13 restructures the New Mexico Border Authority (NMBA) by changing the authority’s membership qualifications, composition, appointment procedures, and terms of service. The bill would also set certain minimum qualifications for the executive director to include either a juris doctorate or a bachelor’s degree in “accounting, agronomy, business, economics, engineering or finance” and further requires four years of relevant experience for this position. House Bill 13 also mandates annual reporting to the Legislative Finance Committee.

The New Mexico Attorney General provided a comparison of the current New Mexico Border Authority board and that proposed in House Bill 13:

Current Board	HB13
7 members	8 members (additional seat is for secretary of transportation)
No more than three from one party	No restrictions based on party affiliation
6 members appointed by the governor; appointees must be New Mexico residents	6 members appointed by the governor as follows: 3 from the private sector with relevant professional experience, 1 city official from a municipality within 20 miles of the border, 1 county commissioner from a

	border county, and 1 state legislator from a border district
Four-year terms with all initial appointees staggered	Five-year terms but with four of the initial appointees staggered by one year
No formal advisory members	New formal advisory members from the office of the US Senators for New Mexico; US Representative for the second congressional district; NM lieutenant governor; governor of the state of Chihuahua, Mexico; governor of the state of Sonora, Mexico; a person involved in business development in Mexico; and any other additional members deemed necessary and approved by the authority

The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

The bill stipulates highly specific minimum qualifications for the executive director of the Border Authority: either a juris doctorate or a bachelor’s degree in “accounting, agronomy, business, economics, engineering or finance” *and* four years of experience in “business management, economic or land development, shipping or supply chain logistics, including two years of experience in managerial and policy-making position at a business entity.”

EDD notes the current statute has no minimum qualifications for either board members or the director of the authority, which may result in members with “limited knowledge and skillsets impacting the ability to pursue certain opportunities requiring technical reviews and complex contractual obligations.” However, LFC analysis estimates the average vacancy rate in state agencies is about 20 percent. The minimum qualifications provided by the legislation might significantly hinder the board from hiring a director for a relatively small, and remote, agency in an already strained and competitive labor market.

EDD notes that currently the border project fund does not receive any direct appropriations for project development. The proposed changes to the fund would allow NMBA to promulgate rules for project selection and awarding grants and loans if an appropriation were made in the future. EDD believes the ability to promulgate these rules would help “effectively develop infrastructure outside the existing capital outlay process which has proven problematic for the timely delivery of projects in the past.”

NMBA notes the agency is unaware of other state boards that have advisory members from a different state or county. The legislation also does not restrict appointed board members based on party affiliation, which could lead to dramatic swings in composition and, as a result, the policies, of the Border Authority.

NMBPA indicates the agency would be willing to provide an annual report to LFC on project deliverables from border project fund expenditures even if the legislation is not enacted.

ADP/rl/hg