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FISCAL IMPACT REPORT

SPONSOR Lujan DATE TYPED 2/16/05 HB 679

SHORT TITLE Emercado-NM Vendor Enhancement Program SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$600.0				

Duplicates SB 664

Relates to HB 369 and SB 351

SOURCES OF INFORMATION

LFC Files

Responses Received From

Commission on Higher Education (CHE)

General Services Department (GSD)

Office of Information Technology (IT)

SUMMARY

Synopsis of Bill

House Bill 679 appropriates \$600 thousand from the general fund for expenditure in fiscal year 2006 to the board of regents of New Mexico's Institute of Mining and Technology (IMT) to provide operational and development funds to continue training for and expansion of use of the statewide eMercado-NM vendor enhancement system,

The eMercado-NM system coordinates purchasing conducted by large volume purchasers so that their business remains in New Mexico with New Mexico vendors.

Significant Issues

The eMercado-NM system will allow New Mexico vendors to more easily identify other New Mexico vendors that can serve as a source of products and services, making it easier to keep New Mexico dollars in-state. The GSD has cooperated extensively in the development of eMercado-NM and has provided significant vendor data to assist in populating the eMercado-NM database.

The efforts of eMercado-NM will compliment GSD efforts to implement the electronic submittal of bids and proposals as well as reverse auctions. GSD has committed to be an “anchor tenant” in the eMercado-NM project.

eMercado is an initiative for economic development originating with the Albuquerque Hispano Chamber of Commerce (AHCC). The project was undertaken in conjunction with several New Mexico government agencies and corporate partners including IMT. The goal of eMercado is to help retain more procurement dollars within the State of New Mexico. The AHCC actively promoted eMercado on a state and local level. The AHCC hopes that eMercado will benefit New Mexico businesses, government entities and corporate partners by creating a centralized small business database for government, corporate and small business buyers and sellers. Some of the future features and benefits of eMercado are:

Buyers will be able to access businesses and learn about their products and services quickly and easily.

- The website will be partnered with and accessed by major corporations, government procurement officers, small businesses, and individuals both inside and outside of New Mexico.
- eMercadoNM.com will be available to all New Mexico businesses and available 24hours every day
- eMercadoNM.com will enable users to contribute to the local economy. It will make participants highly visible to decision makers and will be a cost effective method of advertising to government and corporate buyers.
- eMercadoNM.com will be the premier procurement portal for New Mexico businesses.

This request was not in the list of priority projects submitted by IMT to the CHE for review. Consequently, this request was not included in the Commission’s funding recommendation for fiscal year 2006.

FISCAL IMPLICATIONS

The appropriation of \$600 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 2006 shall revert to the general fund.

IMT reports receiving \$150 thousand in fiscal year 2005 state funds for the development of an “e-mercado” apparently with Sandia National Laboratories.

DUPLICATION/ RELATIONSHIP

HB 679 duplicates SB 664.

HB 679 relates to H B 369 and SB 351, Electronic Bid Submission

OTHER SUBSTANTIVE ISSUES

CHE provided the following:

Higher education institutions receive indirect cost revenues from federal contracts and grants. This money is unrestricted in the sense that the governing board of the institution has the flexibility to choose which projects are supported with these funds. A great deal of this money is used as seed money to develop new research and public services projects at institutions. A portion of the indirect cost revenue, or earned overhead, is used to support items such as the salaries of the accountants responsible for monitoring the contracts and grants, or for paying utilities and other expenses required to maintain the space where the contract and grant activities are housed.

The higher education funding formula allows institutions to retain 100% of this indirect cost revenue. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.

DW/lg