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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/08

SPONSOR Varela LAST UPDATED \_\_\_\_\_ HB 340

SHORT TITLE Community Development Equity Capital SB \_\_\_\_\_

ANALYST Earnest

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$350.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to an appropriation in Section 5 of the General Appropriation Act.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)  
Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 340 appropriates \$350 thousand from the general fund to Economic Development Department to provide community development equity capital for underserved individuals and communities and to administer a social bottom-line equity organization serving small businesses throughout New Mexico, with a focus on rural communities.

### FISCAL IMPLICATIONS

The appropriation of \$350 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 2009 shall revert to the general fund.

### SIGNIFICANT ISSUES

New Mexico Community Capital (NMCC) provides equity capital and business growth services to qualifying businesses throughout New Mexico, particularly in under-invested areas. According to NMCC, the organization has a dual bottom line. Through targeted financial

investments (Equity Fund) and entrepreneurial support (IMPACT-NM Business Growth Services), NMCC produces two primary results:

- Positive social returns as the direct consequence of new job opportunities and a well-trained, well-compensated workforce in the local community.
- Solid financial returns for our investors.

### **ADMINISTRATIVE IMPLICATIONS**

The Economic Development Department would be required to administer a contract with NMCC, but could do so with existing resources.

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

The appropriation in this bill relates to a \$75 thousand appropriation in the General Appropriation Act (HB7) for the same purpose.

### **ALTERNATIVES**

EDD suggests that the appropriation could be made to the New Mexico Finance Authority (NMFA) to take advantage of their expertise administering capital equity funds.

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