

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/12  
 LAST UPDATED 02/09/12    HB 97/aHBIC

SPONSOR Lujan, B.

SHORT TITLE NM Veteran Business & Contractor Preference    SB \_\_\_\_\_

ANALYST Hanika-Ortiz

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

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Minimal			Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicate to SB 132

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

- Department of Veterans' Services (DVS)
- General Services Department (GSD)
- Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of HBIC Amendment

The House Business and Industry Committee Amendment makes minor changes in language use that do not substantively change the intent of the bill.

#### Synopsis of Bill

House Bill 97 (HB 97) revises the State Procurement Code to establish a resident veteran preference of five percent over and above the current resident business preference of five percent.

The bill defines relevant terms and provides requirements to document veteran status.

### FISCAL IMPLICATIONS

Additional preferential preference for veterans could result in an increase in the costs of some goods and/or services that are procured by the State and local governments under sealed bids.

## **SIGNIFICANT ISSUES**

The Department of Veterans' Services (DVS) reports that it is focused on increasing veteran-owned businesses around the state. Through the Veteran Business Outreach Center, DVS has made a concerted effort to assist those veterans who either want to open a new business or grow their business through training and consultation. This bill would give a small advantage to those veteran-owned businesses looking to bid on state and local government contracts.

## **PERFORMANCE IMPLICATIONS**

The Taxation and Revenue Department (TRD) will be required to issue a certificate identifying a business as veteran-owned. The veteran will be required to provide proof of veteran status to TRD.

## **ADMINISTRATIVE IMPLICATIONS**

There most likely would be a small administrative cost to TRD to issue a certificate to a veteran-owned business.

## **OTHER SUBSTANTIVE ISSUES**

Residents of New Mexico receive a five percent competitive advantage in state procurements that include a formal competitive sealed proposal process. Surrounding states impose reciprocal preferences on vendors who have a preference in New Mexico. Resident contractors are penalized five (5) percent when they submit bids to Texas and veterans, under this bill, would be penalized ten (10) percent.

According to a recent SBA business survey, New Mexico has 15,212 veteran-owned businesses. Many of these companies have only one or two employees. The additional preference would likely promote the development and expansion of veteran-owned businesses and veteran contractors across the state.

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

There would be no preferential treatment of veteran residents compared to non-veteran residents in the state procurement process.

AHO/lj:svb