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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 01/23/13  
**LAST UPDATED** 03/05/13    **HB** 76/aHAFC

**SPONSOR** Lundstrom

**SHORT TITLE** Frontier Communities Program    **SB** \_\_\_\_\_

**ANALYST** Clark

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 185/aSPAC/aSFC

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Economic Development Department (EDD)

Department of Cultural Affairs (DCA)

### SUMMARY

#### Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment strikes the appropriation and declaration of an emergency.

#### Synopsis of Original Bill

House Bill 76 appropriates \$100,000 from the general fund to the MainStreet Program of the Economic Development Department (EDD) to develop a frontier communities program for expenditure in fiscal years 2013 and 2014. The frontier communities program shall utilize the technical assistance, services, and resources of the MainStreet Program to establish a community economic development partnership program tailored to the needs of incorporated villages and towns with populations fewer than 5,000, focused on their village plazas, squares, and town centers.

The bill declares an emergency.

## **FISCAL IMPLICATIONS**

The appropriation of \$100,000 contained in the original bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

## **SIGNIFICANT ISSUES**

According to the EDD, the MainStreet Program currently supports 23 MainStreet districts and their local nonprofit organizations.

The DCA reports that historically, frontier communities have not had local capacity to meet National Trust MainStreet Center standards for the MainStreet program. However, the need for commercial revitalization remains a clear economic need and goal in rural “frontier” communities in New Mexico. This bill would establish a program tailored to the needs of smaller New Mexican communities that can benefit from the services provided by MainStreet to promote economic development.

The MainStreet program is aware of the need for community economic development for rural communities with populations fewer than 5,000. The EDD anticipates a high level of interest, and with the limited amount of funds contained in the bill, a limited number of pilot communities would be selected to participate. Frontier projects identified by the communities may take more than one year of support to complete.

## **PERFORMANCE IMPLICATIONS**

This is a pilot program and will address if a proven strategy can be developed to assist with job creation and business development worthy of sustained future investment.

The MainStreet director and staff would establish the parameters of the program, work with rural community leadership to establish goals for local projects, and oversee the contractors working with rural community leaders to meet those economic development goals.

## **ADMINISTRATIVE IMPLICATIONS**

There are no significant administrative implications. The funding request represents a small, dedicated infusion to the existing operating budget as a pilot program. Department and MainStreet staff will be able to oversee, coordinate, and orchestrate this first stage of program development with existing resources.

## **TECHNICAL ISSUES**

The bill cleans up language in existing statutes.

## **OTHER SUBSTANTIVE ISSUES**

The New Mexico MainStreet Program will need to develop guiding policies to select the first applicant communities for this pilot program. Because the name MainStreet in New Mexico is associated with a high-performance program, there will be many communities wishing to utilize

the traditional resources available to MainStreet communities. Due to the emergency clause attached to the bill, the New Mexico MainStreet Program would need to immediately establish the pilot program and its operational parameters.

There is opportunity through this program to explore and engage other community development partners to enhance the economic development projects undertaken in this pilot program and leverage limited resources.

The Historic Preservation Division (HPD) of the Department of Cultural Affairs has partnered with the MainStreet Program to preserve cultural resources and review design improvements to existing buildings and traffic calming plans for many communities. The HPD will devote more staff time to providing technical assistance and reviewing projects.

JC/blm