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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/15

SPONSOR Maetz LAST UPDATED _____ HB 226

SHORT TITLE Small Business Support Work Group SB _____

ANALYST Clark

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
\$50.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 226 creates a temporary, interim legislative work group called the “small business support work group” and appropriates \$50 thousand from the general fund to the Legislative Council Service (LCS) for expenditure in fiscal years 2015 and 2016 to reimburse the per diem and mileage expenses of the work group members and to pay other expenses, including contracting expenses. The work group shall function until December 1, 2015.

The work group is composed of nine members appointed by LCS – three from the House of Representatives, three from the Senate, and three public members whose professional expertise is related to the work group’s purpose.

The work group shall study the needs of small businesses in the state that are independently owned and operated and that employ fifty or fewer full-time employees; complete a qualitative and quantitative analysis of the needs of the state’s small businesses; develop recommendations for a state small business growth strategy; and report findings of its analysis and its recommendations to the Legislature along with any proposed legislation before December 1, 2015.

FISCAL IMPLICATIONS

The appropriation of \$50 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund.

SIGNIFICANT ISSUES

Studies show the majority of jobs in the country and in the state are created by small businesses. As noted by the Economic Development Department (EDD), it is important to understand the needs of small businesses to encourage additional growth. The agency provided the following information in its analysis.

While EDD has a business retention and expansion (BR&E) program, which is deployed by six regional representatives throughout the state, a statewide analysis of this magnitude has not been conducted. A comprehensive BR&E program includes not only determining the needs of businesses, but it should include responding to those issues using a wide variety of services, such as technical assistance, workforce development, financing, and building new markets. In addition, it should address local or state issues that detract from a healthy business climate. Typical BR&E programs are extremely comprehensive, formalized, well managed, and financed. While BR&E programs typically involve one-on-one dialog with a single business, the benefit of a working group is the opportunity to collectively identify and prioritize key issues impacting business resiliency and growth.

ADMINISTRATIVE IMPLICATIONS

LCS would provide staffing for the interim work group, but the work performed by the group could assist EDD's BR&E program.

TECHNICAL ISSUES

EDD suggests the working group include representatives of all state agencies that interact with the business community in order to address a broad range of issues with a varied base of knowledge and experience.

JC/bb