

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 and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR HF1 ORIGINAL DATE 3/07/17
LAST UPDATED _____ HB 90/HFIS
SHORT TITLE Border and Port Authority SB _____
ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
New Mexico Border Authority

SUMMARY

Synopsis of Bill

House Bill 90 amends the Border Development Act and proposes structural changes to the border authority's board of directors and executive director.

HB90 Section 3 proposes changing the authority board from seven voting members to 5, with the following proposed requirements.

1. Three of whom the governor shall appoint to serve terms as follows:
 - a. One appointee, a two-year term
 - b. One initial appointee, a four year term
 - c. Every other appointee a six-year term
2. Are New Mexico residents who represent the private sector and have professional experience in land development, economic development, maritime or overland shipping, international commerce, finance, economics, accounting, engineering, law, agriculture, or business management that consists of serving as the chief executive officer, president, or serving in an upper-level management position.
3. HB90 also requires that the Economic Development Secretary and Department of

Transportation Secretary, or their designees be members of the Authority.

4. HB90 also requires that the authority invite New Mexico United Congressional delegation, lieutenant governor, Governor of the state of Chihuahua, Governor of the state of Sonora, and a representative of the development community in Mexico.

HB90 Section 4 proposes that the authority, rather than the Secretary of Economic Development, shall select one of its voting members to serve as the chair of the authority and one of its voting members to serve as vice chair, each for a one year term.

HB90, Section 6 proposes the authority to hire an executive director who has professional experience in land development, economic development, maritime or overland shipping, international commerce, finance, economics, accounting, engineering, law, agriculture, or business management that consists of serving as the chief executive officer, president, or serving in an upper-level management position.

FISCAL IMPLICATIONS

The New Mexico border authority believes appropriations will be needed if HB90 is enacted, stating that it will require the authority to pay the executive director substantially more than what is currently being expensed for the Executive Director due to increasing the qualifications necessary for the Executive Director to hold his or her position. The New Mexico Border Authority currently pays the Executive Director \$65 thousand per year. The New Mexico Border Authority states that the new qualifications of the Executive Director would require at least \$140 thousand per year.

However, LFC staff acknowledges that the structural changes are reducing the amount of board members from 7 to 5, which will result in cost savings in a reduction of travel and per-diem for two members, which may be able to offset an increase in personal services and employee benefits.

SIGNIFICANT ISSUES

The New Mexico Border Authority provided the following significant issues:

The New Mexico Border authority does not concur with the changes to the membership of the board of directors and expanded credentials to the director, as it will require a higher compensation to the position.

Current appointments by the governor take representation from the border counties as well as citizens that have a stake or expertise in a field that impacts the communities served by the New Mexico border authority.

It is invaluable that “no more than of those appointed shall belong to the same political party,” since this offers a “check and balance” for any political party and offers a bipartisan analysis of processes and programs in addition to being an even and fair representation of the counties served by the New Mexico Border Authority.

Currently, there is a \$1.8 million diversion study in Columbus supporting the \$90 million new port of entry and the international rail road crossing and international permitting study. The New

Mexico Border Authority believes that any changes to the statute affecting the board of directors and possible executive director, may affect work that is already taking place and may deter or undermine current projects and programs, both domestically and internationally.

The New Mexico Border Authority believes it is in the best interest in fulfilling the statutory purpose of the Authority that they be involved with any structural changes as it will have an impact on everyday functions and goals that are currently being accomplished.

ADMINISTRATIVE IMPLICATIONS

It is in the New Mexico border authority's interest to be administratively attached to the economic development department and for the state cabinet secretary to remain on the New Mexico Border Authority's board; this will remain intact under HB90.

The economic development department supports the New Mexico border authority with the following functions: budget, procurement, information technology, vehicle, and human resources.

ALTERNATIVES

Stakeholders to include at least: law enforcement, border patrol, United States customs, county officials, agriculture business leaders, New Mexico Border Authority staff, New Mexico Border Authority board of directors, be invited to hold discussions or meetings to identify possible changes to the border development act.

JM/sb