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FISCAL IMPACT REPORT

SPONSOR <u>Sapient</u>	ORIGINAL DATE <u>2/18/09</u>	LAST UPDATED <u>2/25/09</u>	HB _____
SHORT TITLE <u>Maximum Allowable Bond Indebtedness</u>			SB <u>573/aSPAC</u>
			ANALYST <u>Hoffmann</u>

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec NFI	Fund Affected
FY09	FY10		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 316.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Senate Public Affairs Committee Amendment

Senate Bill 573 as amended by the Senate Public Affairs Committee changes the proposed maximum allowable indebtedness of the Southern Sandoval County Arroyo Flood Control Authority to \$60 million.

Synopsis of Original Bill

Senate Bill 573 increases the maximum allowable indebtedness of the Southern Sandoval County Arroyo Flood Control Authority from \$30 million (\$30,000,000) to \$80 million (\$80,000,000).

FISCAL IMPLICATIONS

There are no fiscal implications for the general appropriation act or capital outlays from the legislature. If this bill is passed, any additional indebtedness could only be incurred through bonds authorized by a majority of the electors voting in favor in an election held for that purpose.

SIGNIFICANT ISSUES

The DFA reports that the Southern Sandoval County Arroyo Flood Control Authority is limited to a \$30,000.0 cap limit in the of issuance bonds. The current outstanding debt will be at

\$22,000.00 as of February 2009 when they receive the series 2009 bonds. The new series bonds were approved on 11/4/08 and the authority has \$14,000.0 remaining to issue in the future. While the Southern Sandoval County Arroyo Flood Control Authority does not expect to exceed the current cap in the near future, based on the current financial plan, the Authority is bumping up against the statutory cap limit. The finance plan, including the issuance of the new bonds, assumes a stable tax rate of 0.87 mills due to the present net taxable valuation on assessed properties which limits the debt mill rate growth. The increased indebtedness maximum boundary provides additional opportunities to issue bonds as capital project needs arise in a quickly developing region. The Albuquerque Metropolitan Flood Control Authority increased its bond indebtedness limit to \$80,000.0 on 6/15/07 and the Eastern Sandoval County Arroyo Flood Control Authority, which was created by Governor Richardson in 2007, has a limit of \$50,000.0. The increased statutory cap limit does not change the financial plan, but does give the Authority an additional opportunity to issue bonds as needed to finance future capital project requirements.

The Office of the State Engineer noted no significant issues with Senate Bill 316, which duplicates this bill.

PERFORMANCE IMPLICATIONS

The Department of Finance and Administration Local Government Division oversees the annual budget and monitors the quarterly progress. The Division also sets the indebtedness mill rate for the flood control authorities. The proposed legislation does not compromise this agency oversight.

DUPLICATION

Senate Bill 573 is a duplicate of Senate Bill 316.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The total outstanding indebtedness allowed for the authority would continue to be \$30 million dollars (\$30,000,000).

POSSIBLE QUESTIONS

CH/mt/mc