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FISCAL IMPACT REPORT

SPONSOR: Fidel DATE TYPED: 03/06/01 HB _____
 SHORT TITLE: Acquire Property For State Office Buildings SB 182/aSFC
 ANALYST: Williams/Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	\$ 25,000.0		\$ 50,000.0	Non-Recurring	State Office Building Bond Fund/Property Control Reserve Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 214; HB 163 and 319

SOURCES OF INFORMATION

LFC Files
 General Services Department (GSD)
 Public Employees Retirement Association (PERA)

No Response

Department of Finance and Administration, State Board of Finance (SBOF)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amends SB 182 by removing references to “state board of finance” and inserting “New Mexico Finance Authority” in its place.

Synopsis of Original Bill

The bill authorizes the Property Control Division of the General Services Department to acquire various office buildings and land in Santa Fe County for use as state office buildings. The bill contains appropriation and emergency clauses and authorizes the following activities, listed in priority order, for the Property Control Division of GSD:

1. Purchase, renovate, equip, and furnish the National Education Association (NEA) building on South Capitol Street.

2. Plan, design, construct, equip, and furnish a new office building with integrated parking at the west capitol complex on Cerrillos road (pursuant to the design funded by Subsection I of Section 14 of Chapter 118 of Laws 1998 at a price not to exceed \$25 million).
3. Purchase, renovate, equip, and furnish the PERA Building on Paseo de Peralta.
4. Purchase land adjacent to the District 5 office of the State Highway and Transportation Department on Cerrillos Road.

For items #1, #2 and #4, the purchase price must not be more than the appraised value established by the Taxation and Revenue Department. The bill requires the purchase of the PERA Building at a price negotiated with the PERA that is at least comparable to the fair market value of the property and building.

The bill authorizes issuance of up to \$75 million in revenue bonds to be sold by the State Board of Finance pursuant to the proposed State Office Building Acquisition Act in Senate Bill 214 to finance these projects. If the bonds are not sold or have been paid off, then the appropriation for projects would apply to the property control reserve fund.

Significant Issues

Senate Bill 214 pledges \$6 million per year in gross receipts tax revenues for the new bonding program for state office buildings.

The proposed acquisitions in the bill represent the recommendations of the Capitol Buildings Planning Commission and is in response to actions requested in House Joint Memorial 43 (Laws 1999).

According to General Services Department staff, this is a major initiative to acquire state-owned office space in Santa Fe to:

- reduce recurring operating costs to the general fund to lease privately-owned office space,
- consolidate state offices in campus settings to provide better public access to state services, and
- plan for future office space needs of state government in Santa Fe.

The Capitol Buildings Planning commission was created in 1997 with members from the legislative, executive and judicial branches to recommend short-term and long-range solutions to state agency housing requirements in Santa Fe.

PERA staff note the language regarding the purchase price of the PERA Building is consistent with the PERA Board's duty as trustee to maximize trust assets.

FISCAL IMPLICATIONS

The bill authorizes up to \$75 million in revenue bonds to acquire new office space for state use. This provision is dependent upon SB 214 becoming law. SB 214 establishes the State Office Building Acquisition Bonding Act.

It is estimated the state can provide office space in Santa Fe for state agencies at approximately one-third of the cost of leasing from private entities. The staff from the General Services Department

comments the state pays about \$9 million a year to lease privately-owned office space in locations throughout the city of Santa Fe. Acquiring state-owned space is viewed by GSD as reducing recurring lease payments in agency operating budgets; however, this savings is not automatic.

The Property Control Reserve Fund was established in Chapter 58, Laws 1998 as a repository of proceeds from the sale of state-owned properties not suitable for use for state purposes. Senate Joint Resolution 13 (Laws 1998) authorized the sale of the La Villa Rivera Building, Marian Hall, and Cathedral Park. Senate Joint Resolution 16 authorizes the sale of the following five properties: (1) approximately 67 acres located near Cañoncito at Apache Canyon (Santa Fe County); (2) approximately 10 acres located in La Tierra Nueva subdivision (Santa Fe County); (3) approximately 21,300 square feet located at the corner of Third and Lead in Albuquerque (Bernalillo County); (4) approximately one acre located at the Newport industrial park-west in Albuquerque (Bernalillo County); and (5) 5 acres at 1600 East Tilden in Roswell (Chaves County). The proceeds from these sales will be deposited in the Property Control Reserve Fund.

ADMINISTRATIVE IMPLICATIONS

PERA notes specific, but unquantified costs which would be incurred if the PERA building is sold, including potential costs to move and acquire or rent new space.

The impact will be included in the Property Control Division of the GSD as part of its primary mission.

TECHNICAL

Is the direction of the bond proceeds to the GSD, Property Control Division on page 4, lines 10 through 14 appropriate?

RELATIONSHIP

Senate Bill 214 is companion to Senate Bill 182 which proposes a funding stream to acquire Santa Fe buildings through bonding against gross receipts tax, up to \$1/2 million per month.

House Bill 163 is an alternate funding stream proposal to authorize the New Mexico Finance Authority (NMFA) to acquire buildings and retire bonds with lease payments. House Bill 319 establishes an enabling statute for the GSD Building Services Division and a bill to be introduced in the House is a comprehensive reorganization of PCD statutes. HB319 and the PCD reorganization contain provisions relating to the NMFA proposal in House Bill 163.

AW:BD/njw:ar