



Legislative Proposals for the Public Project Revolving Fund

New Mexico Finance Authority Oversight Committee

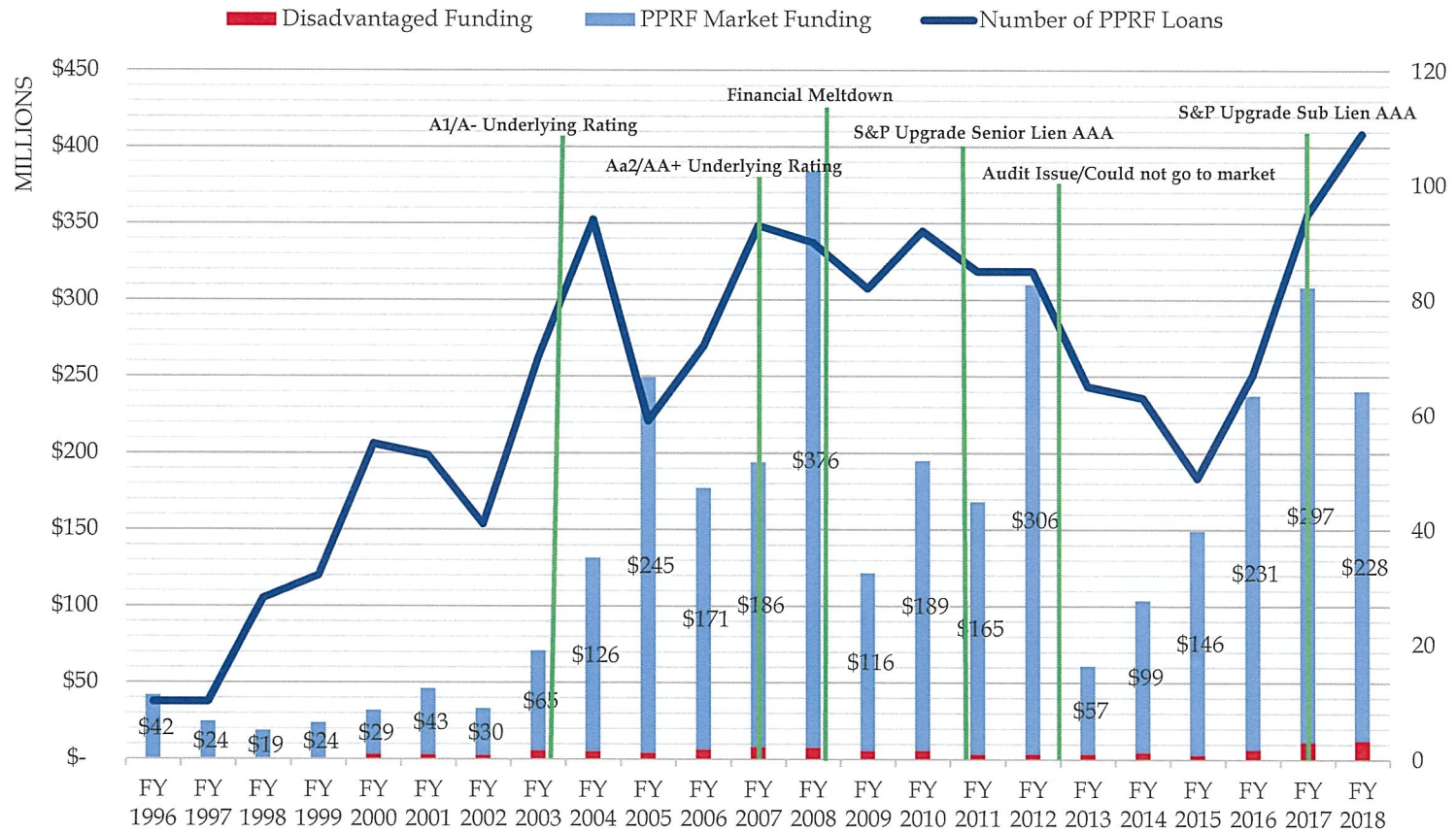
October 9, 2018



NMFA Act - Legislative Authorization History

- 1992 - NMFA Act Created.
- 1996 - NMFA Act amended to include a cap of \$500,000 per loan for the equipment program.
- 2000 - NMFA Act amended to require legislative authorization for all loans (up to \$500k cap).
- 2003 - NMFA Act amended to increase the cap to \$750,000 per loan for the equipment program.
- 2006 - NMFA Act amended to current version, requiring legislative authorization for loans over \$1,000,000 (under \$1,000,000 considered part of our small loan program and do not need legislative authorization).

PPRF Loans Since Inception



Affected Entities due to lack of PPRF Authorization

- Penasco Schools
- Los Lunas Schools
- Bloomfield Schools
- Central Schools
- Grants Cibola County Schools
- Las Vegas City School District
- Cabazon Public Improvement District
- Taos Soil and Water District
- Lake Arthur School District



Option 1: PPRF Legislative Authorization Suspension

11/14/16

1 _____ BILL
2 53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017
3 INTRODUCED BY
4
5
6 DISCUSSION DRAFT
7
8
9
10 AN ACT
11 RELATING TO PUBLIC FINANCES; PERMITTING THE NEW MEXICO FINANCE
12 AUTHORITY TO MAKE LOANS IN EXCESS OF ONE MILLION DOLLARS
13 (\$1,000,000) TO QUALIFIED ENTITIES WITHOUT LEGISLATIVE
14 AUTHORIZATION.
15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:
17 SECTION 1. Section 6-21-6 NMSA 1978 (being Laws 1992,
18 Chapter 61, Section 6, as amended) is amended to read:
19 "6-21-6. PUBLIC PROJECT REVOLVING FUND--PURPOSE--
20 ADMINISTRATION.--
21 A. The "public project revolving fund" is created
22 within the authority. The fund shall be administered by the

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- PPRF could make loans in excess of \$1 million without legislative authorization.
- Suspension period could have defined period of effect.
- Could install a robust interim reporting mechanism.



Option 2: PPRF Legislative Disapproval Bill

HOUSE BILL ____

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2018

INTRODUCED BY

REP. ____

AN ACT

RELATING TO FINANCE; AMENDING THE NEW MEXICO FINANCE AUTHORITY ACT; AUTHORIZING THE LEGISLATURE TO DISAPPROVE BORROWERS FROM THE PUBLIC PROJECT REVOLVING FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 6-21-6 NMSA 1978 (being Laws 1992, Chapter 61, Section 6, as amended) is amended to read:

“6-21-6. Public project revolving fund; purpose; administration.

A. The “public project revolving fund” is created within the authority. The fund shall be administered by the authority as a separate account, but may consist of such subaccounts as the authority deems necessary to carry out the purposes of the fund. The authority may establish procedures and adopt rules as required to administer the fund in accordance with the New Mexico Finance Authority Act.

- PPRF could make loans in excess of \$1 million except to entities that the Legislature has disapproved.
- Could install a robust interim reporting mechanism.



Option 3: Amending \$1 million amount (“small loan program”)

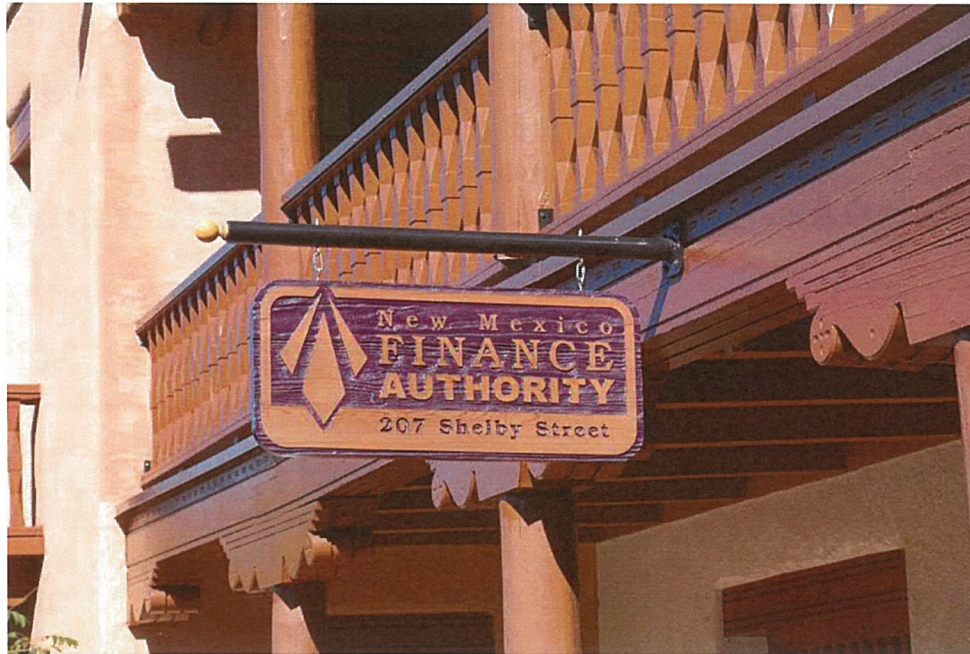
- Current PPRF Loan Management Policy establishes \$10 million as being the threshold of when a simultaneous bond marking/funding is required.
- Amount could be revisited every 2 or years to adjust for CPI/inflation.

Option 4: Requiring Legislative Authorization for certain entity types

- Municipalities, Counties, Public School Districts, and Higher Education could always be authorized.
- All other entities would be required to receive legislative authorization including:
 - Special Districts/Political Subdivisions
 - Pueblos, Tribes, and Nations
 - State Agencies
 - Charter Schools



NEW MEXICO
FINANCE AUTHORITY



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