

## DOCUMENTATION REQUIREMENTS CAPITAL OUTLAY PROJECT AND REAUTHORIZATION REQUESTS

Capital assets must be owned by the state or a political subdivision of the state. New Mexico is constitutionally prohibited from directly or indirectly making any donation (appropriation) to a private individual or entity except as allowed by Article 9, Section 14 of the Constitution of New Mexico. See Article 9 here:

[https://ballotpedia.org/Article IX, New Mexico Constitution](https://ballotpedia.org/Article_IX,_New_Mexico_Constitution)

Some local governments serve as the fiscal agent for nonprofit organizations providing needed services in their area. If a capital asset will be leased to and/or operated by another organization, the fiscal agent for the project must submit documentation identifying the owner of the asset and certifying that the asset will be leased at fair market value and appropriately maintained. Documentation should be submitted to the LCS Capital Outlay Division when your project request form is submitted online.

Sample wording for a letter of documentation is as follows:

*This letter serves as notice that (entity name) will serve as the fiscal agent for any appropriations made during the 2024 legislative session for the (lessee name/project description). The (entity/fiscal agent) understands that before the state releases appropriated funds to (entity/fiscal agent), the state will require the following documentation:*

- (Entity/fiscal agent) is the owner of the (asset description).*
- If the asset or facility is leased for use by another organization, the lease agreement will be made at fair market value.*
- (Entity/fiscal agent) will retain ownership of the asset beyond the completion of construction or purchase and will maintain the asset appropriately .*

If the project is a local economic development project representing a public-private partnership under the Local Economic Development Act, a copy of the project participation agreement between the private entity and the applicable local or regional government should be submitted to the LCS Capital Outlay Division when your project request form is submitted online.

If you are changing the purpose of an appropriation that is being reauthorized, you may need to submit documentation as outlined above.

Questions may be directed to the LCS Capital Outlay Division at (505) 986-4600.