

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	Burpo	DATE TYPED:	02/08/00	HB	109
SHORT TITLE:	County/Municipal Investment Expansion			SB	
				ANALYST:	Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

Companion to HJR 17 - Investment of Public Money (Taylor, J.G.)

SOURCES OF INFORMATION

Legislative Finance Committee (LFC)

SUMMARY

Synopsis of Bill

This bill amends 6-10-10. DEPOSIT AND INVESTMENT OF FUNDS.

New Mexico is a "legal list" state with regard to investing public money. This means the types of securities that may be invested by a public entity is specifically identified/described in statute. This bill broadens the choice of investment instruments that counties and municipalities may invest on behalf of their beneficiaries.

County and municipal treasurers invest public money with the advice and consent of their respective boards of finance. Money in their care not immediately needed for public use may be invested in: U.S. bonds or negotiable securities; municipal or county bonds (if the municipality/county has a good credit history); or securities that are U.S. government securities, or U.S. agency securities that are guaranteed by the U.S. government.

The only divergence from this list applies to class A counties and municipalities with populations of 65,000 or greater which may also invest in shares of:

- Diversified investment companies (registered), trust funds of banks, or trust companies that invests in fixed income securities or debt instruments that are listed in a nationally recognized, broad market, fixed income securities market index. (The investment company/bank or manager must have total assets under management of at least \$100 million.)
- Shares of pooled investment funds managed by the state investment officer/State Investment Council (SIC). (Participants may choose their portfolio allocation between equity, bonds, and cash.)

All county and municipal treasurer investments are made with the advice and consent of their respective board(s) of finance.

Significant Issues

A bill was introduced during the 1999 regular session as House Bill 816 (J.G. Taylor) that sought to accomplish what this bill seeks to accomplish: allow county and municipal treasurers a broader selection of permitted investments. An amendment in a senate committee limited the expansion to class A counties and municipalities with populations greater than 65,000.

It is uncertain why select counties and municipalities would be allowed to choose among more investment instruments and benefit from (potentially) higher returns while other counties would be limited. An increase in county and municipal revenues could result from having a broader choice of investment instruments to choose from. Local banks might object to this bill because they would no longer have a monopoly on municipal and county deposits.

FISCAL IMPLICATIONS

This bill could have a positive impact on county and municipal governments.

JBE/jsp:gm