F I S C A L I M P A C T R E P O R T

SPONSOR:	Lujan	DATE TYPED:	02/15/00	HB	450/aHTRC
SHORT TITLE:	State Office Building Acquisition Bonding Act			SB	
				ANALYST:	Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	**FY01**			
		See Narrative		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB135

SOURCES OF INFORMATION

Legislative Finance Committee (LFC) files

Taxation and Revenue Department (TRD)

General Services Department (GSD)

State Board of Finance did not submit analysis

SUMMARY

Synopsis of HTRC Amendment

The amendment changes the months unneeded gross receipts taxes would be distributed back to the general fund so that the calculations would correspond to the appropriate months of the full fiscal year. The amendment reduces the monthly transfer of gross receipts revenues to up to $200,000 per month. The amendment also makes clarifying changes.

Synopsis of Original Bill

This bill proposes an earmarked distribution of gross receipts tax for a bonding program to buy and build state office buildings. The State Board of Finance is authorized to sell revenue bonds to acquire state office building with legislative authorization. Proceeds would be deposited into the property control reserve fund. Pledged revenue for the bonds is gross receipts taxes, up to $500,000 per month. Effective date is July 1, 2000. The first diversion would be of revenues received by TRD during July 2000, that would be transferred to the General Fund in August 2000.

Significant Issues

According to GSD, recurring payments for leased office space in Santa Fe are just under $9 million a year, mostly from general fund. State-owned space in Santa Fe costs about one-third of the average per square foot cost of leasing office space from private owners.

This legislation is part of a major property management initiative of the General Services Department and the

Capitol Buildings Planning Commission.

FISCAL IMPLICATIONS

<u>HTRC Amendment</u>

Diversion of gross receipts tax revenue from the general fund would be an estimated $2,400.0 in FY03. There would be an additional, small recurring general fund revenue loss because interest on these bonds would be exempt from state personal income tax.

<u>Original Bill</u>

Would divert gross receipts tax revenue from the General Fund. The FY01 estimated revenue loss to the General Fund is $5,500.0, with a full year impact of $6,000.0. TRD estimates an additional 80.0 revenue loss of recurring General Fund revenue because interest on these bonds would be exempt from state personal income tax.

GSD notes state-owned space in Santa Fe costs just over $5 per square foot, which is supported by general fund. The average cost to lease office space in Santa Fe is more than $17 per square foot, also mostly general fund. Acquiring state-owned space is viewed as reducing recurring lease payments in agency operating budgets.

TECHNICAL ISSUES

TRD notes there is a high likelihood that incurring debt to be retired by general tax funds is unconstitutional.

AW/njw:gm