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

SPONSOR: Burpo DATE TYPED: 03/05/01 HB 709/aHGUAC
SHORT TITLE: Alter State Fair Debt SB
ANALYST: Gonzales

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY01 | FY02 | FY01 | FY02 | | |
| | | See Narrative | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
New Mexico State Fair

SUMMARY

Synopsis of Amended Bill

House Bill 709, with the House Government and Urban Affairs Committee amendment, removes the cap on the amount the New Mexico State Fair, with the approval of the State Board of Finance, is authorized to issue in negotiable bonds. In addition, the bill changes the amount of time a bond may mature from fifty years to thirty years.

Significant Issues

Laws 1996, Chapter 27 increased the limit the Fair could bond from \$3 million to \$6 million and added language to allow the Fair to refund, or refinance their outstanding bonds, notes, loans or other obligations through the New Mexico Finance Authority.

PERFORMANCE IMPLICATIONS

The Fair will be required to begin performance budgeting in FY03 according to the schedule as outlined in the Accountability in Government Act. According to the Fair, the ability to stay current and make sufficient revenues to reduce bonding debt may have performance implications.

FISCAL IMPLICATIONS

The current budget is not impacted by the provisions of this bill. However, with the changes proposed in this bill, the Fair will have the ability to issue bonds in the future in an amount that can be supported by its income. The Fair's current bond debt is approximately \$2 million with an annual debt service of \$300.0 and a maturity date of 2005.

OTHER SUBSTANTIVE ISSUES

Historically, the Fair has relied on its bonding ability and surplus revenues for its capital needs. In recent years, due to the age and condition of many of the facilities, and financial position, the Fair has received support from legislative appropriations for renovations and improvements throughout the campus and has received a total of \$16.275 million in state appropriations since 1998 for critical capital improvements to various facilities and infrastructure throughout the fairgrounds. Given stable and growing revenue, and continued support from legislative appropriations to upgrade the facilities, the Fair could once again be in a position to be self-sufficient. The recently completed renovations to Tingley Coliseum were funded from these severance tax bond appropriations at a total project cost of \$10.5 million which would not have been possible for the Fair to fund on its own, given the current statutory limits.

JMG/ar/njw