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FISCAL IMPACT REPORT



SPONSOR: Burpo DATE TYPED: 01/23/02 HB 17

SHORT TITLE: Public Project Revolving Fund SB _____

ANALYST: Neel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
New Mexico Finance Authority (NMFA)

SUMMARY

House Bill 17 amends the New Mexico Finance Authority (NMFA) Act to allow the finance authority to purchase bonds issued by the NMFA payable from dedicated revenue streams with moneys in the Public Project Revolving Fund (PPRF).

House Bill 17 clarifies existing statutory language to allow the Public Project Revolving Fund (PPRF) to purchase bonds payable from dedicated revenues streams, thereby avoiding direct placement of bonds in the bond marketplace. This will reduce borrowing costs for the separate programs of the NMFA by reducing interest rates, avoiding separate ratings on the bonds, and diminishing or eliminating the costs associated with selling the bonds in the bond marketplace. The NMFA will issue PPRF bonds in accordance with its usual practices to the bond marketplace which will be secured by the revenues to be received from the purchased bonds.

OTHER SUBSTANTIVE ISSUES

The NMFA under some statutes and programs (such as Valencia County Jail Gross Receipts Tax bonds, the proposed Retiree Health Care Building bonds and the acquisition for lease of public buildings for state agencies, cities, counties and school districts) issues bonds in its own name secured by dedicated revenue streams or annual lease payments. Those bond issues have previously

been sold directly to the bond marketplace and not placed in the Public Project Revolving Fund (PPRF) because of concerns that the bonds might be cancelled as a matter of law insofar as the NMFA would simultaneously be both the debtor and creditor.

POSSIBLE QUESTIONS

Will purchasing bonds issued under the aegis of the NMFA increase the risk to the project revolving fund ?

SN/njw