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FISCAL IMPACT REPORT



SPONSOR: HAFC DATE TYPED: 02/11/02 HB 451/HAFCS

SHORT TITLE: Tax Stabilization Reserve SB _____

ANALYST: Smith

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	30,000.0			Nonrecurring	Tax Stabilization Reserve Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC

SUMMARY

Synopsis of Bill

House Appropriation and Finance Committee Substitute for House Bill 451 makes a contingent appropriation of \$30 million out of the tax stabilization reserve fund to the department of finance (DFA); DFA will then transfer the money to the interstate stream commission. The appropriation is for the FY03 and FY04 and must be made in three separate installments. Further, one third of each installment must be used to comply with the state's Pecos River compact obligations. In addition, the bill provides that several contingencies be met prior to disbursement. These contingencies are:

- An emergency declaration by the governor.
- An agreement by the state board of finance that the emergency exists.
- An expenditure plan by the state engineer approved by the board of finance and reviewed by the water trust board.

In addition, the bill requires that the interstate stream commission make periodic reports on the expenditures to the water trust board, the legislative finance committee, and the appropriate interim legislative committee.

On a mechanical level, the bill allows the legislature the option to vote on an appropriation from the tax stabilization reserve prior to an emergency declaration by the governor.

FISCAL IMPLICATIONS

The expenditure is highly likely. The state engineer has declared that a “call” on Pecos river water rights is a near certainty.

SS/njw:prr